

Nuclear Divestment

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Between 2004-2006 the Norwegian Government Pension Fund divested millions of dollars from a range of corporations that were involved in unethical enterprises including the production of landmines, cluster munitions and nuclear weapons. This has stimulated other government funds, such as the New Zealand Superannuation Fund, to undertake or consider similar divestment programs. Hallgeir Langeland, Keith Locke and Alyn Ware discuss why such actions are important and how they can help end the nuclear arms race.



Hallgeir Langeland MP



Keith Locke MP

Why do countries keep manufacturing and deploying nuclear weapons despite making solemn declarations and accepting legal obligations for the achievement of nuclear disarmament? One key reason is that there is a lot of money to be made from the nuclear arms race, and those making the money are lobbying to keep the programs flowing.

The United States, for example, is spending \$30 billion annually on nuclear weapons and their delivery systems. Companies like Lockheed Martin, Northrop Grumman, General Dynamics, Boeing, Alliant Techsystems and Bechtel reap huge profits from nuclear weapons contracts, and lobby hard to keep this money flowing their way. Lockheed Martin, for example, spends between US\$5-10 million annually lobbying the US congress for defence contracts. With such financial and lobbying clout, the US Congress is very hesitant to refuse US administration requests for funding for nuclear weapons programs. The same is true, but to a lesser degree, with French and UK nuclear-weapons-related corporations.

In order to reduce and halt nuclear weapons development, the pro-nuclear lobbying of these corporations will have to be reduced, enabling the parliaments/congresses and governments to curtail funding for nuclear weapons programs.

As most of the nuclear weapons related work in the US, UK and France is undertaken by public companies, it is possible to take action in the public sector. One way to do this is through consumer boycott. In the 1980s, INFACT led a very successful boycott against General Electric, then one of the biggest nuclear weapons contractors, forcing General Electric to sell off its nuclear weapons related enterprises.

“Parliamentarians have a key role in encouraging their government and their government funds to take similar actions to those of Norway, whether it be through petition, letter, press release, parliamentary questions or other means.”

However, consumer boycotts can only be effective if the corporations are heavily involved in the production of consumer items. This is not the case with many of the biggest nuclear weapons contractors. Lockheed Martin, for example, is primarily a defense contractor with over 80% of its income from government defense contracts. As it is not selling much to the public, a public boycott would have little impact.

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These corporations are susceptible however to action in the public investment arena. In general, nuclear weapons corporations enjoy high share ratings. With defense spending soaring and government contracts assured, particularly in the US, investing in the defence sector is very profitable. This high-share-value boosts the power of these corporations. If however, there was a run on the shares of these corporations, with investors re-investing in ethical corporations, it could encourage such corporations to reduce their reliance on nuclear contracts and expand in other areas. There is some truth to the adage that when money talks, corporations listen.

Positive developments in this regard have been the adoption of the United Nations Principles for Responsible Investment (UNPRI) which highlight social and environmental principles for investments, and the UN Global Compact which highlights human rights, labour and environmental principles.

In 2003, the Norway Pension Fund, following pressure from parliamentarians, media and non-governmental organisations, undertook a process to implement the UNPRI, UN Global Compact and the OECD Guidelines for Corporate Governance and for Multinational Enterprises, with respect to its investment portfolio. The fund, the largest pension fund in Europe, established ethical guidelines for their investments in 2004 and appointed an Advisory Council on Ethics to make recommendations on implementation of these guidelines.

In 2005 the Advisory Council discussed and came out with a recommendation regarding nuclear weapons production.

Nuclear divestment cont...

Following this, the Pension Fund excluded the following companies from its investment portfolio and divested of shares in them due to their production of nuclear weapons related components:

- BAE Systems Plc, Boeing Co.
- EADS Co.
- EADS Finance B.V.
- Finmeccanica Sp.A.
- Honeywell International Corp.
- Northrop Grumman Corp.
- Safran S.A.
- United Technologies Corp.

Other nuclear weapons related corporations such as Lockheed Martin, General Dynamics and Alliant Techsystems had already been excluded due to their involvement in the production of landmines or cluster munitions.

The Norwegian example has stimulated other government funds to review their investment portfolios in order to determine whether they are consistent with the UNPRI and the UN Global Compact.

In New Zealand, a coalition of members of parliament and non-governmental organisations approached the Government Superannuation Fund with a request that it follow the Norwegian example and divest 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 practices prohibited in New Zealand. So far, however, the Fund has resisted the call to divest from other unethical corporations including those involved in human rights violations in Burma and in the manufacture of nuclear weapons related products.

UN Global Compact

Human Rights

- Principle 1: Businesses should support and *respect the protection of internationally proclaimed human rights; and*
- Principle 2: make sure that they are not *complicit in human rights abuses.*

Labour Standards

- Principle 3: Businesses should uphold the *freedom of association and the effective recognition of the right to collective bargaining;*
- Principle 4: the elimination of all forms of *forced and compulsory labour;*
- Principle 5: the effective abolition of child *labour; and*
- Principle 6: the elimination of discrimination in *respect of employment and occupation.*

Environment

- Principle 7: Businesses should support a *precautionary approach to environmental challenges;*
- Principle 8: undertake initiatives to promote *greater environmental responsibility; and*
- Principle 9: encourage the development *and diffusion of environmentally friendly technologies.*

Anti-Corruption

- Principle 10: Businesses should work against *all forms of corruption, including extortion and bribery.*

www.unglobalcompact.org

Divesting from unethical corporations – the Norwegian Experience

“During the Council’s first year in operation (2005), many of its efforts centred on an initial screening aimed at identifying companies involved in the production of weapon types that are inconsistent with the Guidelines. Besides weapons banned by international law, these include nuclear weapons and cluster munitions. In 2006 we have focused to a greater extent on human rights, including labour rights, and environmental issues.

The first recommendations on a subject establish a precedent for how similar cases will be treated in the future. We have taken great care to ensure that the recommendations are thorough, well documented, and of good quality, as we consider this to have a bearing on the long-term impact of the Ethical Guidelines of the Norwegian Government Pension Fund– Global. Some of the Council’s recommendations have attracted a great deal of attention.

We believe that the extensive documentation and the in-depth discussions in our recommendations have contributed to improving the foundation for decisions made by other funds with similar ethical criteria.”

Norway Advisory Council on Ethics, Annual Report, 2006.

The lack of action by the Superannuation Fund to divest from nuclear weapons corporations is somewhat surprising given New Zealand legislation which prohibits any person – natural or legal – from aiding, abetting or procuring any other person to manufacture, acquire, possess or have any control over nuclear weapons within New Zealand, and which prohibits any government agent from aiding, abetting or procuring any other person to manufacture, acquire, possess or have any control over nuclear weapons anywhere in the world. Aotearoa Lawyers for Peace argues that investments by the Superannuation Fund in nuclear weapons corporations are thus against New Zealand law. On the 20th anniversary of the adoption of the anti-nuclear law the Green Party presented a petition to parliament calling for an end to any government fund investing in nuclear weapons corporations.

Back in Norway, the government is now taking the extra step of encouraging its NATO colleagues to step up action on the prohibition and elimination of nuclear weapons and other weapons of mass destruction. In its Soria Moria Declaration the government called on NATO to review its nuclear doctrine with the objective of the elimination of nuclear weapons, shelve plans for forward missile defence in Europe, and take increased action on preventing the spread of light weapons. The declaration emphasises the need for countries to rely more on cooperative security and the United Nations and less on outmoded and threatening nuclear coalitions.

Parliamentarians have a key role in encouraging their governments and their government funds to take similar actions to those of Norway, whether it be through petition, letter, press release, parliamentary questions or other means.

FOR MORE INFORMATION SEE:

Norwegian Advisory Council on Ethics
www.etikkradet.no

Betting the Bank on the Bomb.
www.greens.org.nz/searchdocs/other10538.html

Corporate Connection: Corporations involved in nuclear weapons manufacture

www.reachingcriticalwill.org/corporate/corporateindex.html