



The Lugar Report on National Security

By Dick Lugar, United States Senator, Indiana • March 2006

Lugar Addresses the U.N. Security Council

U.S. Senate Foreign Relations Committee Chairman Dick Lugar addressed the U.N. Security Council on February 6, 2006. He urged the Security Council to intensify efforts to control weapons of mass destruction and expand cooperation on energy challenges.

Below are excerpts from the speech:

Controlling Weapons of Mass Destruction

I want to call to your attention two challenges, in particular. I believe that how we address these two challenges will determine whether we will live in peace and whether both developing and developed nations will continue to enjoy economic growth and human advancement.

The first is the proliferation of weapons of mass destruction, a threat that has been on the Security Council's agenda for more than a half century. This is not just the security problem of the moment. It is a universal economic and moral threat that will loom over all human activity for generations. The non-proliferation precedents we set in the coming decade are likely to determine whether the world lives in anxious uncertainty from crisis to crisis or whether we are able to construct a global coalition dedicated to preventing catastrophes and to giving people the confidence and security to pursue fulfilling lives.

On September 11, 2001, the world witnessed the destructive potential of international terrorism. But the September 11 attacks do not come close to approximating the destruction that would be unleashed by a nuclear attack. Weapons of mass destruction have made it possible for a sub-national group to kill as many innocent people in a day

as national armies killed in months of fighting during World War II.

Given economic globalization, there will be no safe haven from catastrophic terrorism or a nuclear attack. Distance from the site of a nuclear blast, will not insulate people from the economic and human trauma that would result. We must recognize that these threats put the domestic hopes and dreams of our respective citizens at grave risk. Does anyone believe that proposals for advancing standards of living, such as expansions in education for our children, stronger protections for the environment, or broader health care coverage, would be unaffected by the nuclear obliteration of a major city somewhere in the world? They would not. The immediate death toll would be horrendous, but the worldwide financial and psychological costs might be even more damaging to humanity in the long run.

Such a catastrophic event would bring years, if not decades, of massive health care and environmental clean-up costs to the nation where the attack occurred. But the economic damage would not be confined to a single country or region; it would be global. The value of world investment markets would plummet and urban real estate could suffer the same fate. Regaining investor confidence and restoring capital flows would be a slow process. Enhanced security measures in the wake of the tragedy could

hinder commerce and trade. Insurance costs would rise worldwide, and governments inevitably would transfer national assets to security measures, exacerbating budget deficits and leaving fewer assets devoted to increasing economic productivity and to providing for the needs of citizens.

The world would not see a catastrophic terrorist attack as a one-time tragedy. Rather, it would change the expectations of people throughout the world. If one such terrorist attack could be mounted, could not other attacks be imminent? If some nuclear material had been diverted from safe keeping to terrorists, why not more? We would see greater restrictions on personal freedom, stricter controls on travel



Senator Lugar addressing the U.N. Security Council.

and international study, more barriers to international commerce, and a massive increase in psychological disturbances and suffering. The constricting effect on international interaction would be felt in every country of the world.

Last year, I surveyed 85 top international proliferation and arms control experts about the prospects for averting attacks with weapons of mass destruction. According to the experts surveyed, the possibility of a WMD attack against a city or other target somewhere in the world is real and increasing over time. The group estimated that the risk of a nuclear attack somewhere in the world in the next five years was 16 percent. When the time frame was extended to 10 years, the average response almost doubled to more than 29 percent. The estimates of the risks of a biological or chemical attack during the same time periods were each judged to be comparable to or slightly higher than the risk of a nuclear attack.

Even if we avoid disaster scenarios, the open-ended nature of the threats associated with weapons of mass destruction deeply affects our ability to deliver domestic improvements. Our future economic prospects rest squarely on our collective ability to secure weapons and materials of mass destruction to a degree that encourages investment, improves public confidence, and protects world commerce against severe economic shocks. If we fail to organize and stabilize the world against proliferation, the world economy will never reach its potential. . . .

We must perfect a worldwide system of accountability for nuclear, biological, and chemical weapons. In such a system, every nation that currently has weapons and materials of mass destruction must account for what it has, safely secure what it has, and demonstrate that no other nation or cell will be allowed access. Meanwhile, we must work to contract existing stockpiles and pre-

vent further proliferation. If a nation lacks the means to participate in this effort, the international community must provide financial and technical assistance.

The Nunn-Lugar Program

As one of the authors of the Nunn-Lugar Cooperative Threat Reduction Program, I have witnessed extraordinary outcomes based on mutual interest that would have seemed absurd from the vantage point of the Cold War. In 1991, the vast nuclear, chemical, and biological arsenal of the former Soviet Union had become an immediate and grave proliferation risk. Many weapons sites lacked adequate defenses and safeguards. The Russian economy was struggling, increasing incentives for bribery and black market activity. Moreover, many weapons sites were located outside of Russia, in newly independent states such as Belarus, Ukraine, and Kazakhstan. This created the possibility of an expansion of nuclear powers with unpredictable results. . . .

Since its inception, Americans and Russians have worked closely under the Nunn-Lugar program to deactivate 6,828 former Soviet nuclear warheads, destroy 1,174 ballistic missiles, and decommission hundreds of missile silos, strategic bombers, cruise missiles, submarine missile launchers, and nuclear test tunnels. Perhaps most importantly, Ukraine, Belarus, and Kazakhstan are nuclear weapons free as a result of cooperative efforts under the Nunn-Lugar program. In addition, Nunn-Lugar is building a facility at Shchuchye, Russia, to eliminate some two million chemical weapons. It is also employing weapons scientists in peaceful pursuits and working at many bio-weapon sites and nuclear warhead storage facilities to establish security controls and dismantle weapons infrastructure. . . .

Since 1992, the United States has spent more than \$17 billion on non-proliferation and threat reduction assistance, most of it in the former Soviet Union. The rest of the world collectively has spent about \$2 billion on this objective during that period. I commend those nations that have pledged additional non-proliferation funds, and I urge them to follow through on their commitments, but the world needs to do much more in this area. . . .

Weapons of Mass Destruction Accountability

Beyond a commitment of more resources, peace depends on the willingness of responsible nations to look past short-term economic gain and assert themselves when nations violate their treaty agreements. Without dismissing the economic needs of any nation, I would submit that nuclear proliferation is not in the interest of any national economy over the long run. Whatever short-term economic gains that may be realized by tolerating non-compliance with international non-proliferation norms will be overtaken by the risks and costs associated with greater instability.

The world must be decisive in responding to nations that are violating the Nuclear Non-proliferation Treaty or other international arms agreements. Diplomatic and economic confrontations are preferable to military ones. In the field of non-proliferation, decisions delayed over the course of months and years may be as harmful as no decisions at all.

In this context, if Iran does not comply with U.N. Resolutions and arms agreements, the Security Council must apply strict and enforceable sanctions. Failure to do so will severely damage the credibility of a painstaking diplomatic approach and call into question the world's commitment to controlling

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the spread of nuclear weapons. The precedent of inaction in this case, would greatly increase the chances of military conflict and could set off regional arms races.

Meeting Energy Challenges

The second major global challenge that I wish to emphasize is energy. Like the proliferation of weapons of mass destruction, the potential scarcity of energy supplies and the imbalances that exist among nations represent grave threats to global security and prosperity.

Up to this point in history, the main concerns surrounding oil and natural gas have been how much we pay for them and whether we will experience supply disruptions. But in decades to come, the issue may be whether the world's supply of fossil fuels is abundant and accessible enough to support continued economic growth, both in the industrialized West and in large rapidly growing economies such as China and India....

In the short-run, dependence on fossil fuels has created a drag on economic performance around the world, as higher oil prices have driven up heating and transportation costs. In the long-run, this dependence is pushing the world toward an economic disaster that could mean diminished living standards, increased risks of war, and accelerated environmental degradation.

Increasingly, energy supplies are the currency through which energy-rich countries leverage their interests against energy-poor nations. Oil and natural gas infrastructure and shipping lanes remain targets for terrorism. The bottom line is that critical

international security goals, including countering nuclear weapons proliferation, supporting new democracies, and promoting sustainable development are at risk because of over-dependence on fossil fuels.

Climate Change Cooperation

This dependence also presents huge risks to the global environment. With this in mind, I have urged the Bush Administration and my colleagues in Congress to return to a leadership role on the issue of climate change. I have

Our scientific understanding of climate change has also advanced significantly. We have better computer models, more measurements and more evidence -- from the shrinking polar caps to expanding tropical disease zones for plants and humans -- that the problem is real and is caused by man-made emissions of greenhouse gases, including carbon dioxide from fossil fuels.

Most importantly, thanks to new technology, we can control many greenhouse gases with proactive, pro-growth solutions, not just draconian limitations on economic activity. Industry and government alike recognize that progress on climate change can go hand in hand with progress on energy security, air pollution, and technology development....

The United States...should seize this moment to make a new beginning by returning to international negotiations in a leadership role under the Framework Convention on Climate Change. I believe that the United States is prepared to do that. Our friends and allies should embrace this opportunity to achieve a comprehensive international

approach to global warming.

Energy and Development

Finally, in addition to security, economic, and environmental considerations, anyone who professes to being concerned with economic development must be concerned about the ability of developing nations to pay for the energy they need.

The economic impact of high oil prices is far more burdensome in developing countries than in the developed world. Generally, developing countries are more dependent on imported oil, their



Senator Lugar and Senators Norm Coleman (R-MN) and George Voinovich (R-OH) discuss U.N. reform during a press conference at the United Nations.

advocated that the United States must be open to multi-lateral forums that attempt to achieve global solutions to the problem of greenhouse gases....

The time is ripe for bold action by the international community because much has changed since talks first began in 1992 on what became the Kyoto treaty. For one, China and India, who won exemptions from the treaty's emission-cutting requirements, have enjoyed rapid growth. They are now much greater sources of greenhouse gases than anticipated, but also far stronger economies, more integrated into the global system.

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industries are more energy intensive, and they are able to use energy less efficiently.

Reliance on oil imports has grown dramatically in developing countries as they have become more industrialized and urbanized. In 1972, developing countries (excluding OPEC) spent less than one percent of their GDP on imported oil. The United Nations Conference on Trade and Development estimates that, today, they spend 3.5 percent of their GDP or more on imported oil -- roughly twice the percentage paid in the main OECD countries....

World Bank research shows that a sustained oil-price increase of \$10 per barrel will reduce GDP by an average of 1.47 percent in countries with a per-capita GDP of less than \$300. Some of these countries would lose as much as 4 percent of GDP. This compares to an average loss of less than one half of one percent of GDP in OECD countries.

What is needed is a diversification of energy supplies that emphasizes environmentally friendly energy sources that are abundant in most developing countries....

For example, one of the most promising energy technologies for much of the

developing world is cellulosic ethanol. This is a renewable fuel derived from biomass such as grasses, plants, trees, and waste materials. Such fuel is environmentally friendly and would not require significant changes to current automobiles.

Previously, ethanol could only be produced efficiently from a tiny portion of plant life -- mostly corn and sugar. High production costs and limited grain stocks made a broad transition to ethanol fuel impractical. But recent breakthroughs in genetic engineering of biocatalysts make it possible to break down a wide range of plants. As conversion efficiency increases, cellulosic ethanol will become competitive with oil....

The full commercial emergence of cellulosic ethanol would provide a cash crop to any region that could grow grass, trees, or other vegetation. This would help rural development, improve the developing world's balance of payment position, and reduce its reliance on oil. Biorefineries producing biofuels and biochemicals can be modularized to meet the needs of communities in remote areas. Such a democratization of world energy supplies would reduce armed conflict, lower the risk of global recession, and aid in the development of emerging markets.

Cellulosic ethanol is just one of several promising energy sources, including clean coal technology, biodiesel, and hybrid cars, which can move us away from extreme dependence on oil. The task is to make this happen before a global crisis occurs. The economic sacrifices imposed by rising fossil fuel prices have expanded concerns about energy dependence. But in the past, as oil price shocks have receded, motivations for action also have waned. The international community cannot afford to relax in our effort to democratize energy supplies. Oil's importance is the result of industrial and consumption choices of the past. We now must choose a different path....

I am confident that the challenges that I have underscored today are not insurmountable. In fact, I believe that we possess the technology and experience necessary to revolutionize energy supplies and secure our future against the threat of WMD proliferation. It is our job as political leaders to supply the most elusive ingredients -- the political will and international cohesiveness that will make achievement of these objectives a reality. I urge you to embrace these tasks and work together with determination and compassion for the benefit of all the people of the world.

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