Cato Institute Foreign Policy Briefing No. 39: The Nunn-Lugar Act: A Wasteful and Dangerous Illusion

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Rich Kelly

Rich Kelly is an independent defense analyst based in Washington, D.C.

Executive Summary

When the Soviet Union disintegrated in late 1991, Soviet nuclear weapons were in the hands of four suddenly independent republics--Russia, Ukraine, Kazakhstan, and Belarus--whose leadership appeared confused and wobbly. In response to that threatening turn of events, Sens. Sam Nunn (D-Ga.) and Richard Lugar (R-Ind.) persuaded Congress to pass the Cooperative Threat Reduction (CTR) program to provide assistance for dismantling or safely storing the weapons in the Soviet nuclear arsenal.

That program, which began in response to a pressing national security challenge, has evolved into a Pentagon bureaucracy. The urgent need for aid has waned, and its central purpose--to destroy nuclear weapons--remains unfulfilled. To date, the CTR program has done relatively little. The few projects it has funded--ranging from defense conversion to providing housing for former Soviet military officers--do little, if anything, to advance Washington's key objective of curbing nuclear proliferation.

In fact, the evidence suggests that CTR may in the long run threaten, rather than enhance, American security. CTR funds have eased the Russian military's budgetary woes, freeing resources for such initiatives as the war in Chechnya and defense modernization. Congress should eliminate CTR funding so that it does not finance additional, perhaps more threatening, programs in the former Soviet Union.

After the breakup of the Soviet Union in late 1991, four suddenly independent republics (Russia, Ukraine, Kazakhstan, and Belarus) inherited thousands of Soviet nuclear weapons. The abrupt decentralization of control over the Soviet nuclear arsenal, together with well-founded concerns about the leadership and stability of the newly independent states, greatly alarmed Washington. Sen. Sam Nunn (D-Ga.) said of the situation, "I know of no more urgent national security challenge confronting our nation, nor do I know of any greater opportunity . . . to reduce the dangers confronting us."[1] Led by Nunn and Sen. Richard Lugar (R-Ind.), Congress passed the Soviet Nuclear Threat Reduction Act of 1991.[2] The Senate voted 86 to 8 in favor of the legislation--which came to be known as the Nunn-Lugar Act--because even the most stalwart opponents of U.S. foreign aid saw the value of the emergency effort to help the former Soviet republics secure and destroy their excess weapons of mass destruction.

The act, which was funded by a congressionally authorized transfer of $400 million from Department of Defense (DOD) operations and maintenance accounts to Nunn-Lugar projects in fiscal year 1992, focused on weapon destruction and security, specifically,

- destroying nuclear, chemical, and other weapons;
transporting, storing, disabling, and safeguarding weapons to be destroyed; and

establishing verifiable proliferation safeguards.

In January 1992 Harvard University's Ashton Carter, a prominent academic involved in the creation of the Nunn-Lugar program, detailed its requirements.[3] He wrote that, in response to the congressional authorization to spend $400 million, the administration should develop a plan for assisting in moving, storing, and destroying the former Soviet Union's nuclear weapons. The plan-to be "worked out with" authorities from the new republics, experts from the international community, and the former Soviet nuclear weapons complex-would proceed in five stages: (1) inventorying, tagging, and securing weapons; (2) relocating weapons to perhaps 25 storage sites; (3) dismantling the weapons; (4) placing materials in long-term storage; and (5) cleaning up nuclear facilities.

With the advent of the Clinton administration in January 1993, Carter became assistant secretary of defense for nuclear security and counter proliferation, one of two assistant defense secretaries with responsibility for the CTR program. [4] The Defense Nuclear Agency was in charge of selecting and paying the U.S. contractors that would perform the work and consume the funding.[5]

A mismatch has developed between the CTR programs lofty aims-reducing the former Soviet Union's nuclear threat to the United States-and what it has done-to date, very little. The lack of accomplishment may be a blessing, however, because the CTR program has not had the opportunity to waste much money or implement projects that could produce dangerous results. The path to understanding what has gone wrong leads in two directions: to the former Soviet Union and to the Pentagon.

CTR Aid Has Failed Fundamental Tests

When one government proposes to aid another government, the donor should consider fundamental questions, including whether aid is needed and whether it is likely to produce the desired behavior. The answers to those questions show how the CTR program lost its way in the former Soviet Union.

Is Aid Needed?

In 1991 the leadership of the republics that inherited the Soviet Union's nuclear weapons appeared confused and wobbly. Washington, alarmed at the prospect of instability, concluded that the republics needed emergency aid. The need for aid dissipated as the urgency waned, however.

The urgency waned for three reasons. First, tactical weapons were quickly removed to Russia from Ukraine, Kazakhstan, and Belarus. A top CTR official in the Bush administration told Congress,

It has been generally agreed here and abroad that the major danger from nuclear weapons in the dissolution of the former Soviet Union comes from the wide dispersion of the smaller, easily transportable tactical warheads. . . . Authorities in the newly independent states are doing what we and others urged them last fall [1991] to do and have developed a plan and schedule to [disable, withdraw, and consolidate tactical weapons] for dismantling.[6]

In addition, the republics quickly established command and control arrangements for nuclear weapons. As early as February 1992, Assistant Secretary of Defense Stephen Hadley confirmed that "we are quite satisfied that an appropriate command and control arrangement has been achieved."[7]

Finally, the successor republics acknowledged their obligations to reduce the Soviet arsenal, as mandated by the Strategic Arms Reduction Treaty and the Non-Proliferation Treaty, and agreed to schedules for returning all nuclear weapons to Russia.[8] Even before the CTR program got under way, the Bush administration told Congress that the three non-Russian republics "repeatedly have proclaimed their intention to rid their territories of nuclear weapons."[9] Carter himself had written in January 1992 that the three republics had "expressed the desire to be nuclear-weapon free" and had agreed in 1991 to schedules for removing all tactical weapons by mid-1992 and most strategic weapons by the end of 1994.[10] U.S. experts conceded that Ukraine, Kazakhstan, and Belarus had the resources to destroy
weapons without U.S. help but argued that CTR aid would increase speed and safety.\[11\]

The United States was also concerned about personnel from the former Soviet weapons complex migrating to unfriendly countries. In an effort to reduce such migration, CTR programs have provided housing for former Soviet military officers and jobs for scientists.\[12\] It is unclear, however, that such aid will do much to further the long-term objective of containing nuclear proliferation. Patriotic former Soviet weapons specialists will not work for the likes of Saddam Hussein in any event, but mercenary specialists may work for Saddam or some other dictator whether or not they are given a free house or a laboratory sinecure in Russia.

**Will the Proposed Aid Encourage Good Behavior?**

The core purpose of the Nunn-Lugar legislation was to help the former Soviet Union destroy its nuclear warheads. Destruction made good sense: a warhead that no longer exists cannot be sold on a black market or stolen by terrorists. Nuclear warheads (containing plutonium or weapons-grade uranium) are essential to strategic weapons and nuclear proliferation; missiles without nuclear warheads, on the other hand, pose a minimal threat to the United States.\[13\]

Originally, Carter envisioned using U.S. aid to account for all former Soviet warheads before they were destroyed or stored. Step one of Carter's plan called for "immediately inventorying and tagging all the nuclear weapons covered by the program and placing them under secure (and in some cases possibly international) safeguards."\[14\] But Moscow did not allow the United States to earmark CTR aid for tagging, inventorying, and destroying weapons. In fact, the Russians refused even to give the United States access to their nuclear weapons, so U.S. inventorying and tagging were impossible.

Instead, Russia claimed that it could meet its time-table for warhead destruction only if the United States built a modern storage facility in Russia. U.S. officials were skeptical. Undersecretary of State Reginald Bartholomew testified that "our experts ... have some real questions about the solution the Russians are proposing, which is a new and very expensive facility."\[15\] Nonetheless, CTR funds are today slated to pay for a storage facility of dubious merit.

The fundamental issue is that Russia wants to remain a great power. A Harvard University panel concluded that the Russian "'nuclear complex' is one of Russia's last legitimate claims to a great power status and [officials] are understandably reluctant to admit a humiliating inferiority to the west." \[16\] Russia has been unwilling to accept aid that would diminish its great-power status by reducing its nuclear weapons arsenal. Instead of abandoning the program once it became clear that CTR funds would do little to destroy former Soviet nuclear weapons, however, U.S. negotiators concluded agreements that were peripheral or even irrelevant to the original aims of Nunn-Lugar.

The marginal programs that have resulted from such agreements have failed to reduce the risks associated with the former Soviet arsenal. The Harvard panel of experts concluded that, because of inadequate controls over the former Soviet nuclear weapons establishment, the threat of a nuclear catastrophe is now greater than at any time since the height of the Cold War and is the gravest national security threat facing the United States today.\[17\] The experts, led by former assistant secretary of defense Graham Allison, issued that gloomy assessment in a report put out by Harvard University's Center for Science and International Affairs and cited inadequate U.S. assistance as one of the primary causes.

It is difficult to see how either increased CTR funding or some other form of U.S. aid would rectify the specific problems they cite. They warn of "huge un inventoried quantities of weapons-usable material ... stored and transported under conditions of extreme insecurity," for example.\[18\] But as long as Moscow will not allow U.S. assistance to be used for inventorying nuclear weapons, no amount of aid from Washington will have an impact on that problem. Another problem the report cites is the potential for bribery of nuclear workers and security guards. Again, it is difficult to see how U.S. aid would deter unscrupulous employees--or, for that matter, high-level officials--from making deals with radical states or terrorist groups.

The report may well be correct in its assessment of the magnitude of the threat posed by the insecurity of the former Soviet nuclear establishment. In light of the history of CTR efforts, though, the report's prescription is precisely backwards. Instead of continuing to throw money at the problem in a vain attempt to solve it, Washington should
recognize the need for an alternative approach. Additional financial assistance will not solve the problem and may, in the long run, have an adverse impact on American interests.

The Problem of Perverse Incentives

U.S. officials have stated that "every [former Soviet] missile and every warhead deactivated . . . since December 1991 can be attributed to the CTR program."[19] But any claim that CTR has encouraged good behavior in the former Soviet Union is an overstatement, if not an irony. In fact, the program has created a series of perverse incentives that may have hindered, rather than advanced, the stabilization of nuclear weapons in the former Soviet Union. DOD officials hypothesized that U.S. aid would lead the newly independent republics to take certain actions, but in practice, DOD's hypothesis has worked in reverse—that is, the evidence suggests that the republics took certain actions specifically aimed at securing U.S. assistance.

In March 1994, for instance, Assistant Secretary Carter boasted to Congress of CTR's success in convincing the three republics to become nuclear free:

As a result of our diplomacy, in which the CTR program has provided critical leverage and reinforcement, Belarus, Kazakhstan and Ukraine have agreed to denuclearize completely, removing all nuclear weapons from their territories in a short period of time.[20]

What Carter omitted saying was that the republics had pledged in 1991, before the CTR program existed, to become nuclear free but that they became stubborn in CTR negotiations in 1992. Their obduracy brought them a payoff from U.S. negotiators. Ukraine's parliament, for example, blatantly demanded and received U.S. aid as a precondition for ratification of START I.[21] (Belarus may be playing the same game with Russia. Belarus has refused to return SS-25 strategic missiles to Russia, which Belarus had agreed to do under START I, unless Russia cancels $400 million of Belarus's natural gas debts.) [22]

Carter's claim that CTR aid prompted the republics' decision to relinquish nuclear weapons notwithstanding, the fact is that the republics demanded and received payment for political decisions that had already been made. That precedent is unsettling. In the future, other signatories to treaties that are important to the United States may also attempt to gain access to the U.S. treasury by claiming that they cannot fulfill their treaty obligations unless the United States agrees to provide aid.

The CTR Program Has Lost Its Way in the Pentagon

In addition to the problems CTR encountered in the former Soviet Union, the program got off track in the Pentagon. Nunn stated that the original legislation put the DOD in charge of CTR activities because the Pentagon was accustomed to taking action—in contrast to the State Department, which was accustomed to lengthy negotiation—and had expertise with weapons of mass destruction.[23] Despite that expertise and DOD's usually activist style, the CTR program went adrift.[24]

The FY95 defense authorization act ordered DOD to submit a long-range assessment of CTR requirements and a multiyear budget for meeting those requirements. DOD in turn promised Congress it would create a CTR program office to develop project selection and long-range planning processes.[25] Congress took such action because, even though the White House had spent three years negotiating with the former Soviet republics and was authorized to spend $1.2 billion, the CTR program had neither a written plan nor a multiyear budget.

That omission was especially odd because the program's architects had said that a program plan was the first order of business. Carter had said that the program should begin operation by writing a five-step plan, but once he had authority to write the plan, he did not follow his own advice. In a larger sense, it was curious that the Pentagon, a highly structured bureaucracy with a zeal for planning, would be given a pot of money without a plan or budget and then fail to write a plan or budget until ordered to do so by Congress.

Why, then, did the Pentagon request and Congress authorize $400 million each year for four years? That figure appears to have been chosen arbitrarily without an assessment of need. According to Nunn, $400 million was the
amount Congress would tolerate in the FY91 budget negotiations. Thereafter, DOD became accustomed to requesting $400 million regardless of the changed circumstances each year. Carter admitted to Congress that, although DOD requested $400 million for FY95, the request was not based on specific requirements. Such comments suggest that U.S. officials do not know if the funding level is too low, too high, or about right.

Without a plan and a budget, the CTR program has become little more than a list of more than 35 "bright ideas" for spending U.S. funds in the former Soviet Union--none of which directly addresses the core U.S. objective of destroying nuclear warheads. The largest budget item, which accounts for about 40 percent of funding, is the effort to help destroy missiles. Other projects include chemical weapons studies, arctic waste cleanup, environmental restoration, communications links, armored blankets (covers to protect weapons in transport), containers for fissile material, nuclear reactor safety, military-to-military contacts, export controls, and housing for out-of-work officers of the defunct Soviet Rocket Forces. About 20 percent of proposed CTR funding would, under the title of "demilitarization," make work for former Soviet weapons-industry employees by converting defense-industry facilities to science centers.

The United States has signed agreements with all four republics to invest in former defense industries. Carter called those projects "a critical tool of the CTR program." Their purpose is to privatize the industries and convert their output from defense items to civilian products. The United States also created a Defense Demilitarization Enterprise Fund in May 1994 to continue defense conversion in the former Soviet Union. In 1992 the United States, the European Community, and Japan signed an agreement to establish a science and technology center in Moscow to help aid Russian weapons scientists make the transition to civilian life. The following year the United States, Canada, and Sweden agreed to set up a similar center in Ukraine.

Budget snafus have entangled many projects. Nunn had complained as early as February 1992 that not one penny had been spent, but by 1994 the Pentagon had still spent only $50 million. By May 1995, more than three years after Nunn first complained, the CTR program had spent $177 million, or little more than one-tenth of the $1.6 billion Congress had originally authorized. So slow was the pace of spending that authority to spend CTR money expired for a substantial portion of funding authorized in 1992 and 1993. DOD had to seek congressional permission to take money from other DOD accounts and use it to replace expired CTR program funds.

The CTR Program May Produce Dangerous Unintended Results

Given the importance of reducing the former Soviet arsenal, U.S. taxpayers may believe that any program is better than none. But in this case, the program is likely to have dangerous unintended consequences, both in the former Soviet Union and in the United States.

It is a truism that money is fungible. Dollars spent in Russia enhance Russia's ability to act in ways unfriendly to U.S. interests, if that is the Russian leadership's intent. Although CTR projects avoid giving cash to Russia, they provide skills, equipment, and labor that Russia would otherwise have to purchase to meet its international commitments to reduce its nuclear and chemical weapons arsenal.

Money Russia does not spend on such activities (thanks to CTR aid) can be spent instead attacking breakaway republics or, more ominously, modernizing weapons of mass destruction. The Nunn-Lugar legislation requires DOD to report on offensive biological or chemical weapons activities in the former Soviet Union. The administration admitted to Congress in late 1994 that it had concerns about Russia's chemical and biological weapons activities. By mid-1995 indications of Russia's continuing biological warfare programs led the House to threaten to slash CTR funding, although in the final FY96 appropriations bill funding was decreased only from $400 million to $300 million.

CTR projects are giving Russia tools to use to store and deploy new strategic weapons, including railcars, containers for fissile material, and assorted heavy machinery. CTR aid will help build an advanced nuclear storage facility, which will enhance Russia's ability to store and process warheads. Defense conversion projects under the CTR program have often been impractical (such as teaching Russian arms makers to make Double Cola) and, at times, have caused resentment.
Essentially, CTR-funded projects are a U.S. subsidy for the Russian arms industry—weapons makers may continue to manufacture weapons (some of which are destined for the international arms market) while using CTR aid to "convert" other parts of their companies to civilian activities.\[42\] Similarly, Russian scientists employed at the Science and Technology Center may be moonlighting at weapons-development jobs and collecting two paychecks: one from the U.S. government for working on civilian projects and one from the Russian weapons industry for working at their former jobs.\[43\]

Every dollar that the CTR program spends subsidizing the former Soviet defense establishment is a dollar taken from the U.S. military. From a legislative standpoint, the CTR program is not a foreign aid program but a military program funded and operated by DOD. That distinction is important. Congressional committees that oversee Pentagon spending (e.g., defense appropriations subcommittees) approve the CTR budget, and CTR funds come not from the foreign aid budget but from other Pentagon accounts.\[44\] CTR, therefore, competes directly with other U.S. military programs for available financial resources.\[45\]

**The CTR Program Should Be Terminated**

The urgency—and opportunity—that Nunn and his colleagues saw in the nervous summer of 1991 has passed. The program that began as a response to our most urgent national security challenge has simply become another Pentagon bureaucracy and foreign aid boondoggle.

The Pentagon's difficulties in spending CTR funds present Congress with an opportunity. Since the Pentagon has actually spent only a fraction of the appropriated funds, Congress can, by killing the program now, limit U.S. losses and the CTR program's potential for incurring frightening, unintended consequences.

Proponents of CTR may argue that termination of the program would teach former Soviet republics that the United States fails to meet international commitments. That argument is short-sighted. The longer view recognizes that CTR termination will teach the republics that, although the United States sometimes makes mistakes, it has the wisdom to recognize and rectify them.

**Notes**


3. Ashton B. Carter, "Reducing the Nuclear Dangers from the Former Soviet Union," Arms Control Today, January-February 1992, pp. 10-14. A biographical note explains that Carter was an author of a report on dangers posed by the former Soviet Union. The report "was released by Senators Richard Lugar (R-IN) and Sam Nunn (D-GA) in association with their proposal to devote $400 million of the defense budget to reducing nuclear danger in the former Soviet Union. This article was adapted from that report and subsequent testimony by the author."

4. Carter was responsible for policy, and Harold Smith was responsible for implementation of the CTR program.

5. Galdi, pp. 6-10; and Ashton B. Carter, "Testimony of Assistant Secretary of Defense Ashton B. Carter on the

7. Stephen J. Hadley, in U.S. Senate Committee on Armed Services, p. 23.

8. Galdi, pp. 6-10.


11. "I think in terms of technical know how and the like, they have what is needed. In terms of resources, the question is not so much could they get the job done without us, the question is could they get it done without us, Senator, as quickly-particularly as quickly-but also as safely." Bartholomew, p. 40.


23. "We put DOD in as executive agent there, for this not to get bogged down in negotiations." Sam Nunn, in U.S. Senate Committee on Armed Services, pp. 29-27; and "Congress Assured on Pentagon Role in Disarmament," Defense Week, February 10, 1992, p. 5.

24. One knowledgeable observer saw friction between Carter and his colleagues as hampering the CTR program. "Ash Carter and his policy team had neglected to establish close relations with other members of the executive branch and the defense committees of Congress. As a result, quiet opposition from other members of the defense establishment frequently delayed the effort." Charles Flickner, "The Russian Aid Mess," National Interest (Winter 1994-95): 17.


29. Ibid., pp. 2-4.

30. General Accounting Office, p. 35.


34. A Senate Budget Committee staff member wrote, "Harassed and over-worked mid-level officials in the executive branch . . . soon found out that they were unable to get prompt, effective guidance from their own senior managers. Then, when congressional appropriations committees reviewed the results, they often balked at the proposed projects." Flickner, p. 16.

35. House Armed Services Committee, p. 2; and Carter, testimony of April 28, 1994, p. 15.


42. Russia intends to earn hard currency exporting conventional arms (also an important U.S. export). See "Russia,

43. General Accounting Office, p. 28.

44. Budget cuts may affect traditional foreign aid to Russia. See Carla Anne Robbins, "Kentucky Senator, Handed Keys to Foreign Aid, to Be Most Potent Foe of Clinton's Russia Policy," Wall Street Journal, December 13, 1994, p. A20. However, the cuts will not affect CTR because it is not technically a foreign aid program.