Disarmament and development: proposal for a United Nations study

Denmark, Finland, Norway, Sweden: working paper

1. Introduction

The relations from an economic point of view between armament/disarmament and development have already been the subject of studies within the United Nations. In this paper it is proposed that a further in-depth study should be undertaken. Focusing on the basic conditions for a successful redeployment of resources released as a result of disarmament measures, the proposed study would be relevant i.e. to the efforts to attain the goals of a New International Economic Order. These matters should be clarified in a manner sufficiently elaborate to stimulate the public debate and to serve as a basis for decisions on concrete action. It is an important element of the study that present-day utilization of resources and effects of armament/disarmament are investigated closely.

An indication is given below of the direction which could conceivably be given to an international study of this kind. The terms of reference for the study should be further developed during the preparations for the special session of the General Assembly.

The point must be made that there is also an obvious need for national studies, in order for maximum use to be made of an international study project under the aegis of the United Nations. This question should be considered more closely at a somewhat later juncture.

2. Present-day utilization of resources for military purposes

The economic consequences of armaments cannot be sufficiently evaluated solely in terms of the financial resources allocated for military purposes. Correct evaluation of the economic effects of armament/disarmament (using the term "economic" in its broad sense) presupposes an awareness of the inter State relationships of economic dependence which are connected with armaments.
An evaluation of this kind moreover presupposes a careful study not only of the financial resources earmarked for armaments, but, indeed, of the total real resources utilized. The following is one possible breakdown of the total resource utilization involved by military activities:

- utilization of labour (military, paramilitary and civilian personnel, conscripts) within the military sector as well as within industry for the production of weapons systems and other military equipment;

- utilization of R and D capacity (scientists, technicians, research facilities) for military research and development;

- utilization of production facilities in industry, of service industries, of raw materials for the production of military supplies;

- utilization of land and facilities of different kinds for military purposes.

The civilian substitution value of these real resources plays a vital part in the economic analysis of the consequences of armament/disarmament. The economic effects of a change in the volume of armaments will to a great extent depend on how much the real resources thus utilized are in demand for other purposes, nationally or internationally. The crucial consideration is the degree of scarcity of these resources.

Therefore an economic analysis of the consequences of armament/disarmament also demands an exploration of the competition for real resources which exists between military activities and urgent civilian purposes. Resource categories where this competition for limited resources appears to be most conspicuous include, for example, certain raw materials (e.g., sources of energy such as oil, minerals such as copper, bauxite, zinc and nickel), R and D capacity (scientists, technicians, research facilities) and industrial production facilities.

In analysing the above-mentioned competition for real resources, particular consideration must be given to resource requirements arising out of aims related to the social and economic development of the developing countries. The continuous work in progress within the United Nations system on the establishment of aims for development efforts is relevant in this connexion. For example, attention can here be drawn to the strategies of the United Nations Development Decades, the results of the sixth and seventh special sessions of the United Nations General Assembly, and the work of the ILO to develop strategies for meeting the basic needs of the population.

3. Effects of armament/disarmament

In analysing the economic consequences of armament/disarmament, the following factors are among those which should be elucidated in as concrete terms as possible:
- effects — positive or negative — on economic development, nationally, regionally and globally speaking;

- effects on the utilization of limited resources of energy and raw materials, and the effect on trade relations of changes in the pattern of consumption;

- effects on the supply of and demand for R and D capacity and on technology transfer between sectors and between States, in particular against the background of the technological needs of the developing countries;

- implications concerning the structure of international trade and national balances of current payments, including the effects of changes in the international arms trade;

- effects on the utilization of production facilities and on the industrial structure of States and regions.

4. **Redeployment of military resources**

(a) It is also vitally important to analyse the short-term and long-term feasibility of, and the problems connected with, a controlled reallocation of real resources in the event of disarmament. The conclusions of this analysis should, to the greatest extent possible, take the form of concrete suggestions.

When the resources released by disarmament measures are to be transferred to other uses, problems of various kinds may arise. It is not sufficient merely to chart priority areas in which the resources released can be used. In order for the reallocation to be successful, a fair idea is also needed as to how the reallocation is to be effected.

The resources set aside for armaments have become increasingly specialized in the course of time. Whereas formerly specialization was confined to end products (aircraft, tanks, troops etc.), today the greater portion of the production apparatus supplying military material is tailor-made for this purpose.

The successful redeployment of military production resources will demand a close knowledge of their special properties. Deviations may occur from the civilian sector as regards the conditions applying to research and development, conditions of production, marketing, administration, finance, relationships with Governments, etc. Often the criteria of what is technically/economically desirable and possible differ from the corresponding criteria applied within the civilian sector. In these respects it is also possible that ownership relations may have certain effects.

In a more long-term perspective the main question will be the relationship between civilian demands and the resources now allocated to military purposes. Civilian demands may be concerned with international development efforts, or they may be nationally oriented and concerned with consumption and investment purposes for the easier attainment of urgent national development objectives. Institutional
arrangements in the form of long-range planning may in many cases be a prerequisite for the efficient utilization of released resources in meeting these demands.

In a more short-term perspective, problems of various kinds, such as employment, arise when resources are to be transferred from one sector to another. Various measures of support may be necessary in order for the transfer to take place in a manner that is socially acceptable. There are a number of instruments of economic policy available for this purpose. These issues must be further investigated.

(b) A number of questions will have to be looked into more closely in order to describe the long-term and short-term problems that must be solved in the controlled transfer of military resources to civilian use.

For a clear picture of the situation today, and as a starting point for further studies, the following basic factors will have to be gone into:

- characteristics of the market for military matériel compared with its civilian counterparts;
- the regional distribution and importance of the military establishment and the arms industry;
- transnational characteristics of military production;
- the importance of military equipment orders in different sectors of industry;
- the technological resources of the military sector, their composition and their applicability to civilian purposes.

With regard to the actual redeployment of resources, the following factors must be taken into account:

- civilian demands which are to replace military demands and the required measures of planning;
- time factors in the process of readjusting the production, including possibilities of co-ordinating disarmament measures and measures of economic policy.

With respect to the transfer of resources from military objectives to international economic and social development, the study should focus on the following questions:

- mechanisms for transferring released matériel and human resources to development efforts in the developing countries in accordance with principles complying with the needs of those countries;
- utilization of strategic raw materials no longer needed for military purposes but of great importance to the exports of developing countries.