Thirty-sixth session
Agenda item 7

ECONOMIC AND SOCIAL CONSEQUENCES
OF DISARMAMENT

(Replies of Governments)
PREFATORY NOTE

Addenda 1 and 2 to the Secretary-General's report (E/3736) to the thirty-sixth session of the Economic and Social Council under Council resolution 891 (XXXIV) contain the replies of Governments, received by 30 April 1963, to the Secretary-General's invitation to provide information requested in the Council's resolution. Replies received subsequently will be reproduced in further addenda. The Secretary-General's note verbale, inviting Governments to supply information, is reproduced in Annex II of his report. The note verbale also invited information pertinent to the Secretary-General's forthcoming report to the General Assembly under Assembly resolution 1837 (XVII). Accordingly, some of the material contained in these replies is pertinent mainly to the report to the General Assembly, and the replies will therefore also be included in the documentation for that report.
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1. **Reply of the Government of Belgium**

The Belgian Government has unceasingly shown its interest in the successful outcome of negotiations aimed at the conclusion of a general agreement on disarmament, and is following with the closest attention the proceedings of the Conference now being held at Geneva on this problem. It has also taken careful note of the data on the military expenditure of various States which are given in United Nations document E/3593/Rev.1.

The Belgian Government hopes to see the achievement of the conditions required for disarmament, which would permit economic and social changes to be made in the interests of the general welfare of mankind. It is compelled, however, to state that it is difficult at the present stage to make any specific observations regarding those changes. In the opinion of the principal Powers affected by this problem, disarmament will have to be carried out in several stages of unspecified duration, so that the process of adaptation to the new conditions will also be gradual.

The talks now in progress have as yet failed to provide any indication of when the process of disarmament might start or of the rate at which it would be carried out.

The Belgian Government believes that precise information, or, at the very least, strong presumptions regarding this matter are essential for a soundly-based evaluation of the changes to be made. As soon as this condition is met, it will be happy to assemble the information desired.

The Belgian Government therefore hopes that unanimous agreement between the Powers will open up, in the near future, the prospect of scientific achievements and their applications being used exclusively for peaceful purposes.
2. Reply of the Government of Chad

The problem of transferring Chad's armed forces to civilian pursuits in the event of world disarmament would present no major difficulties for the Government of the Republic for two reasons:

(1) Chad's present military forces are already very small and its national defence resources very modest;

(2) if the Government disbanded the Army it would be obliged to strengthen its internal security forces, so that the soldiers released from the Army would be absorbed by the Police Force.

Air Force personnel, being specialists, would easily find employment in civil aviation. Chad's Air Force squadron, which mainly performs liaison and transport work for the Government, would then be changed into an "Administrative Aerial Liaison Group".
3. Reply of the Government of Laos

United Nations General Assembly resolution 1837 (XVII) of 18 December 1962 adopted the principle of examining the economic and social consequences of general disarmament.

This question is of vital importance to the nations of the world, but presents different problems for each individual nation and for each group of nations.

Nations may be considered to fall into two main categories: those which are highly industrialized and thus have a large armaments industry, and those which have little industrial development and no armaments industry.

For nations of the first category, the problem has a financial aspect, regarding the economies to be made in the military budget; a social aspect, regarding the reintegration of demobilized soldiers, who must find a place in the economic life of the country; an economic problem, regarding the conversion of the armaments industries to non-military production; and a further social problem regarding the transfer of workers in the armaments industries to civilian industries.

The relative importance of each of these problems will obviously vary according to the nature and degree of industrialization of each country.

The programmes can also vary a great deal according to the demographic situation and the extent of unemployment in the country in question and the geographical distribution of its armaments industries.

This question can only be studied on the spot, in each country, and it should be left to each country to examine for itself the consequences of disarmament and the measures to be taken to adapt the country to the new conditions.

For industrially less developed countries without an armaments industry, the consequences of complete disarmament are relatively easy to evaluate and would comprise:

(1) a financial and budgetary aspect connected with the vast cut that would be made in the national defence budget;

(2) a social aspect involving the reintegration of the demobilized soldiers and their absorption into a civilian economy.

Moreover, these two problems are interrelated. Savings in the military budget cannot be regarded as absolute savings and it is logical to expect that at least
part of the military budget would be transferred to non-military budgets and used for the improvement of the civilian administration and technical services (public administration, health, communications, etc.). In addition, the absorption of demobilized soldiers presents different problems depending on the stage of development and demographic situation of the country concerned.

The problem may even become acute in the case of countries which are considerably over-populated, where employment sometimes presents particularly serious difficulties.

It may necessitate the development of new agricultural land, the creation of processing industries and a significant change in the country's economic policies.

As in the case of the highly industrialized countries, the nature of these problems varies in each country according to its specific conditions.

In any event, by reducing budgets, general disarmament would release large amounts of capital and thus make vast amounts of aid available for the developing countries.

LAOS

Laos has no arms industry.

In addition, Laos has a very low degree of industrialization.

Its army therefore depends entirely on imports of military equipment and munitions from abroad.

Laos has a small population for the size of its territory. There is little industry. Agriculture could be developed by increasing the areas under cultivation, expanding productivity and training technical personnel, of whom there are not enough at present.

Unemployment, in the sense in which the word is used in the industrial countries, is non-existent.

There is considerable budgetary imbalance and a large deficit in the trade balance.

In these circumstances, the complete demobilization of the armed forces would greatly lighten the country's burdens.

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Assuming that demobilization would affect all but the necessary units to maintain security in the country and at the borders (police force, gendarmerie, etc.), a few thousand men (some four to six thousand in all) would be needed.

The present national budget could then be reduced by two thirds.

This reduction would make a balanced budget - one of the essential conditions for monetary stability and a sound national economy - attainable much more rapidly.

The problem, at once social and economic, of the absorption of approximately 100,000 men who would thus be released requires careful study.

Undoubtedly some of the military personnel who have been given strict administrative training could bolster certain sectors of the civilian administration which are inadequately staffed, at least as far as qualified personnel are concerned.

This relatively small fraction of the armed forces used to strengthen the civilian administration would increase the civilian budget but, if skilfully employed, would enable the administrative services to function efficiently, and so in fact would benefit the whole nation.

Other military personnel could help in the industrial and commercial development of the country, which would necessitate (a) some technical training and (b) the effective development of the branches of activity concerned.

The third and largest group would have to be absorbed under a programme of agricultural expansion; for this some additional training would be necessary and, in many cases, the provision and redevelopment of land and the supply of farm equipment and livestock.

These absorption problems would not present any major practical difficulties for Laos, in view of the absence of unemployment and the great possibilities for the expansion of all types of industrial, agricultural and handicrafts production.

Matters would be further improved by the fact that general disarmament should permit large investments of capital in the world market, which could be used in the developing countries to improve production methods in all fields.

Whether by investment in enterprises or by long- and medium-term loans, it would be possible to finance a large number of projects and the development of the developing countries could be accelerated.
This would be particularly important for Laos, since it would make it possible to improve the country's infrastructure and means of production.

In this connexion, the best course, in addition to increasing direct grant aid, would be to grant Laos two long-term loans, one being a loan to the State for the development of the country's infrastructure and the other being a loan to an economic development organ for the installation and development of means of production bringing immediate returns.

With the investment of these loans, which are essential for the execution of the capital investment programmes, an immediate solution could be found to the problem of absorbing military personnel, whose training could continue during the construction periods.

The programme of improvements which might be considered comprises the extension and modernization of the road system, construction of bridges, improvements to the sub-structure to permit heavy traffic on the country's main highways.

This programme would represent an investment of the order of 1,000 million kip (80 kip = $1US).

Other programmes might include the following:
- improvement of navigation conditions on the Mekong and some main tributaries (500 million kip);
- improvement of air communications, improvements to airfields and landing strips (500 million kip);
- construction of multi-purpose dams for the production of electric power under an initial programme calling for capital expenditures of some 2,000 million kip;
- extension of agriculture through the creation of vast irrigated areas by means of the dams mentioned above, development of these areas, and increase and improvement in yields (1,000 million kip);
- establishment of various industries (sawmills and paper mills, manufacture of fertilizers, processing of agricultural products), utilization of the country's raw materials; export of a number of these products (500 million kip);

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extension of educational and health facilities through the expansion of qualified teaching and medical staff (200 million kip).

In addition, the development of the country's as yet unexploited or insufficiently exploited mineral resources might require large capital investments but it is difficult at the present stage to estimate their amount.

These measures taken together would make it possible to develop the country's economy more rapidly and to recoup the credits thus granted, which might amount altogether to some 6,000 million kip spread over a period of four to six years.
4. **Reply of the Government of Romania**

With regard to the provisions of paragraph 6 of Economic and Social Council resolution 891 (XXXIV), it may be recalled that in the reply of the Romanian Government (document E/3593/Add.2) it was stressed that budgetary expenditure for national defence in Romania does not amount to a large sum, representing only a small fraction of the total State budget.

It should be noted that from 1951 to the present time the proportion of budgetary expenditure allocated to defence has steadily declined, amounting to 20.1 per cent in 1951, 14.8 per cent in 1953, 9.5 per cent in 1956 and 6.1 per cent in 1960.

Defence appropriations for 1963 amount to 4,120 million lei, or 5 per cent of total budgetary expenditure.

The Romanian Government's constant aim is the economic development of the country and the steady raising of the people's level of living. As is known, the results obtained up to now follow a rising trend and the long-term economic plans will ensure a still more substantial increase in the years to come.

During the years 1960-1962, gross industrial production increased by 55 per cent at a mean annual growth rate of 15.8 per cent, as compared with the official forecast for the period of about 13 per cent.

The Romanian People's Republic has called and continues ceaselessly to call for general and complete disarmament, the cessation of nuclear tests in all environments, and the creation of atom-free zones in different regions of the world. The Romanian Government is convinced that the conclusion of a treaty on general and complete disarmament would create conditions favourable to the rapid economic and social development of all States, ensuring at the same time an international climate conducive to the development of peaceful relations and co-operation between States.

Regarding the conversion to peaceful needs of the means released by general and complete disarmament, it must be emphasized that by its very nature Romania's planned economy creates conditions which will enable this conversion to take place without disturbing the national economy.

In conclusion, it should be mentioned that the report of the consultative group of experts on the economic and social consequences of disarmament has been
studied with all due care. It has been distributed to the central economic and social authorities, economists, leading scientists and cultural figures and the like in Romania, who have welcomed the conclusions in the report concerning the need for and the possibility of achieving general and complete disarmament and its favourable effects on the world economy and relations between States.

The resolution comprising the Declaration on the conversion to peaceful needs of the resources released by general and complete disarmament has been disseminated in the same way.