ECONOMIC AND SOCIAL CONSEQUENCES OF DISARMAMENT

(Replies of the Governments of the Ukrainian Soviet Socialist Republic and the Union of Soviet Socialist Republics)
1. REPLY OF THE GOVERNMENT OF THE UKRAINIAN SOVIET SOCIALIST REPUBLIC

All activities to safeguard the defensive capacity of the republics belonging to the Union of Soviet Socialist Republics — including the financing of defence expenditure — are carried out under a single plan for the USSR as a whole. In accordance with the constitution of the Ukrainian Soviet Socialist Republic and the constitutional powers of the Union of Soviet Socialist Republics, responsibility for discharging tasks connected with the maintenance of defensive capacity rests with the all-Union authorities concerned.

All studies of the various aspects of the economic and social consequences of disarmament which may be required for preparing and drafting the appropriate information, plans and policies for use in the event of disarmament are therefore undertaken by the competent all-Union organizations, provision being made for the due participation of the Ukrainian Soviet Socialist Republic in this work.

In this connexion, the Ministry of Foreign Affairs of the Ukrainian Soviet Socialist Republic has the honour to draw the attention of the Secretary-General to the material forwarded to him by the Academy of Sciences of the USSR in May 1963 in reply to his inquiry regarding the economic and social consequences of disarmament in accordance with General Assembly resolution 1837 (XXVII) and Economic and Social Council resolution 891 (XXXIV).
2. REPLY OF THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS

INFORMATION SUBMITTED IN REPLY TO THE INQUIRY OF THE UNITED NATIONS SECRETARY-GENERAL CONCERNING THE ECONOMIC AND SOCIAL CONSEQUENCES OF DISARMAMENT

In December 1962, at its seventeenth session, the United Nations General Assembly unanimously adopted a joint Soviet-United States draft resolution recognizing that disarmament could be accomplished in all countries not only without impairing their economies but with great advantages to the welfare of their people.

The General Assembly resolution emphasized that the release of a portion of the savings resulting from disarmament for aid to the economic growth of the less developed countries, together with their own efforts and domestic savings, would enable countless millions of people in the less developed countries to improve substantially their present living standards through, inter alia, the development of new centres of energy and industrial activity.

Some Western economists have now come to recognize that the unproductive expenditure of resources for military purposes adversely affects the world economy, causes a relative or absolute decline in civilian consumption, results in higher taxes and prices, and hampers economic development. Yet assertions that militarization has a favourable impact on the economy and acts as a stimulus to it continue to be published in some Western countries. Such theories are at variance with the facts; we need only point out that the United States, whose military expenditure is greater than that of any other country, has lagged furthest behind in its rate of economic growth, even though its national territory was not affected by either the Second World War or the Korean War. A nuclear war, moreover, would not economically be beneficial to any country, since it would inevitably cause huge human and material losses throughout the world.

It is reported in the United States Press that direct United States military spending will total $55,000 million this year and that the military and industrial circles which former President Eisenhower referred to as the "military-industrial complex" are pressing hard for a further increase.

The report of the United Nations group of experts on the economic and social consequences of disarmament, submitted early in 1962, noted that total military spending by all States amounted to some $120,000 million annually. Since that time, military appropriations have continued to increase. Thus, the United States military budget for
the calendar year 1963 is several thousand million dollars higher than the budget for 1962, while the funds appropriated by the Federal Republic of Germany and a number of other Western countries for the arms race have also increased.

It must be borne in mind that in a disarmed world States will spend certain sums for the purpose of maintaining national and international security forces, providing for the needs of the Disarmament Commission and the control machinery, and expanding the activities of various international bodies engaged in establishing a system of international security and co-operation. For a number of years, certain sums will also be spent for the peaceful reconversion of the economy - for pensions, subsidies and the retraining of part of the manpower released by disarmament. A precise estimate of the sums that will be required for these various purposes cannot be made at the present time; one can only suggest some purely tentative figures. An annual expenditure of the order of several thousand million dollars may be sufficient to finance the international security system and to assist in converting economies to peaceful purposes while disarmament is under way. However, the bulk of present military expenditure will be released for use in promoting economic development and raising the living standards of the world's peoples.

What use shall we be able to make of the sums released by disarmament? Here again, only general estimates can be made, since each State will determine its own most urgent needs and will allocate accordingly the funds available to it as a result of disarmament. Nevertheless, it can be stated on the basis of an analysis carried out in a number of countries that these funds will be used primarily for the purpose of lightening the tax burden of the broad masses of the people and improving their social security coverage, carrying out national programmes of economic development and international programmes of scientific, technological and economic development, and providing increased assistance to the developing countries. The proportions in which the available funds will be allocated for these purposes will depend both on national programmes and on international agreements. We would suggest that, during the initial period, the apportionment could be made roughly as shown in the following table, subject, of course, to change in accordance with the specific needs of States:

**Approximate apportionment of funds released by disarmament**

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<th>(in $1,000 million)</th>
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<tbody>
<tr>
<td>Tax reduction</td>
<td>40</td>
</tr>
<tr>
<td>National programmes of economic and social development</td>
<td>40</td>
</tr>
<tr>
<td>International programmes of scientific, technological and economic development</td>
<td>20</td>
</tr>
<tr>
<td>Economic assistance to the developing countries</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$120,000 million annually</strong></td>
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Attention has already been given in international and national studies on disarmament to the beneficial effects on living standards and economic development throughout the world which would result from tax reduction, particularly for the benefit of the low-income segments of the population, and increased Government spending for social and economic purposes. It should also be emphasized that disarmament would stimulate scientific and technological progress and would contribute to a solution of the most important economic problems of the countries of Asia, Africa and Latin America.

The preparation and implementation of individual national programmes for the utilization of the funds released by disarmament are the internal affair of the peoples and Governments concerned. Hence, we shall not here examine these questions in relation to individual States but shall concentrate instead on the international social and economic aspects of disarmament.

According to various estimates, from one-half to two-thirds of the world's scientific and technological potential (science appropriations and research personnel) is at present being used for military purposes. Thus if the activities of scientific institutions were switched completely to non-military purposes, the volume of non-military research would be doubled or tripled and the rate of scientific and technological progress - which quickly makes itself felt in economic development and general living conditions - correspondingly accelerated. The impact of disarmament cannot be judged solely in terms of the funds which it will release. The qualitative aspect of the expansion of physical production and of the improvement in living conditions is of the utmost importance; and it is here in particular that disarmament will act as a powerful stimulus. The expenditure of some $20,000 million annually will make it possible to carry out simultaneously and on a broad scale the following scientific research programmes of international importance, while at the same time expanding existing programmes:

1. Study of the possibilities of industrial automation and the mass-production of consumer goods;
2. The application of thermonuclear energy for non-military purposes;
3. Study of the natural resources and economic development problems of the countries of Asia, Africa and Latin America;
4. Study of the problems of disarmament, peace, and international co-operation and security;
5. Elaboration of methods of treating cancer, cardiovascular diseases and various other diseases;
6. Study of the earth's crust;
7. Climate control;
8. The exploration of Antarctica;
9. Study and exploitation of ocean resources;
10. Study of the possibilities of producing (or procuring, e.g. in the fishing industry) new types of food and fodder to supplement existing ones;
11. The establishment of systems of meteorological and communications satellites; exploration of the solar system, the stars and such other planetary systems as may exist in our galaxy.

The execution of these programmes could be assigned to scientific institutions which are at present carrying out military contracts, i.e. which are studying problems relating to nuclear weapons, missile technology, radar, the detection of underground nuclear explosions, bacteriological and chemical weapons, and military policy. Existing missiles can be used for space exploration, submarines, for oceanic surveys, and aircraft carriers for study of the Antarctic and of climatic changes.

These research projects can be carried out both at international institutes and through the co-ordinated work of national institutes, with greatly expanded exchanges of personnel and data and other types of cooperation.

International scientific cooperation, the concentration of efforts on the most important lines of scientific and technological development, and the elimination of secrecy, duplication and wasteful expenditure on unproductive research projects will greatly increase the effectiveness of research and will further accelerate scientific and technological progress and the practical application of new discoveries in national economies and in every area of human life.

Many programmes will gradually emerge from the experimental phase and become a permanent and tremendously beneficial factor in the economy. One example is the application of thermonuclear energy for peaceful purposes, which will obviously revolutionize the power industry and industrial production of every kind throughout the world. The use of thermonuclear energy may, if this source of energy is harnessed soon, bring benefits amounting in the aggregate to hundreds of thousands of millions of dollars in this century.

The establishment of a system of meteorological satellites could be of tremendous importance in raising agricultural productivity throughout the world. Climatic change depends not only on processes occurring in the lower layers of the atmosphere, which are
at present kept under constant although not complete scientific observation, but also on highly important processes occurring in the upper layers of the atmosphere and in the zone of outer space adjacent to the earth. An international system of meteorological satellites would provide a means of regularly obtaining masses of new data concerning all these processes and, hence, of transforming the entire system of long-range weather forecasting. More accurate forecasting would, in turn, make it possible to adapt agricultural activities to weather conditions, these being known in advance.

It would be much less costly for the principal industrially developed States to establish an international system of meteorological satellites than to try to set up individual national systems. The benefits of more accurate weather forecasting (as of the utilization of thermonuclear energy) would accrue not only to the industrially developed countries but also to the developing countries, for which increased agricultural productivity and the elimination of hunger are a matter of crucial importance. The use of meteorological satellites could yield within the lifetime of the present generation benefits amounting in the aggregate to hundreds of thousands of millions of dollars.

The discovery of means of treating the various types of cancer, improvements in the treatment of cardiovascular diseases and the development of preventive techniques would represent a major victory in the battle against two of the principal causes of death, and in conjunction with a general improvement in living conditions and sanitation would make it possible to add a score or more years to average life expectancy.

The earth has ample room and natural resources to permit a further population increase of several thousand million. However, improved living conditions should not be brought about primarily through a quantitative increase in manpower utilization (although that, too, is very important in countries suffering from unemployment) but rather through higher labour productivity and shorter working hours, through social progress.

Disarmament and the establishment of an international security system would help to bring about a substantial improvement in social conditions throughout the world and would undermine the influence of the most reactionary militarist groups, tearing the weapons of death from their grasp. The lifting of the atmosphere of war hysteria and the removal of the various restrictions imposed for military reasons would promote the growth of democracy and the development of progressive social forces.

In conditions of disarmament it would be difficult, for example, for one country to subjugate another, or to pursue a policy of colonialism.
For the under-developed countries, disarmament would throw open broad avenues of
independent and accelerated economic and social development, which would put an end to
backwardness, oppression and suffering.

Independence must rest on a sound economic foundation; and given disarmament such a
foundation could be created comparatively quickly, with the aid of the resources released.

Of the problems facing the under-developed countries – the elimination of hunger, the
eradication of illiteracy, and industrialization – the most important is industrialization.
Essentially, this implies the solution of the first two problems also. The development
of agriculture, education and industry should go hand in hand. Consequently, for the
sake of simplification, the funds required for industrialization can be regarded as
including the funds required to do away with illiteracy and hunger.

Exact figures are more difficult to give here than in assessing the amounts required
to convert the economy to peaceful purposes and to set up a system of disarmament control.
However, to deal in terms of orders of magnitude, a figure of the order of several hundred
thousand million dollars would be a fairly realistic estimate of the funds required for
the industrialization of the countries of Asia, Africa and Latin America.

In the event of general and complete disarmament, the following funds would become
available to the countries of Asia, Africa and Latin America every year to supplement
their own investments:

**Assistance to the countries of Asia, Africa and Latin America**

<table>
<thead>
<tr>
<th>Description</th>
<th>Fund (in $ billion)</th>
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<tr>
<td>Funds made available by the curtailment of national armaments expenditures</td>
<td>approximately 6-7</td>
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<tr>
<td>Continuance of existing assistance programmes including substitution of economic for military aid</td>
<td>4-5</td>
</tr>
<tr>
<td>Additional assistance from the industrially-developed countries</td>
<td>20</td>
</tr>
<tr>
<td>Direct and indirect benefits from international programmes of scientific and economic development (tentative)</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>over $40,000 million per annum</strong></td>
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</tbody>
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This table calls for some comment.
Current assistance to the countries of Asia, Africa and Latin America is not adequate in volume to meet their needs. General and complete disarmament could release enormous resources which would help these countries to free themselves from the grip of hunger, poverty, disease and economic backwardness. To do this, these countries' vast reserves of water power, petroleum, gas, ferrous and non-ferrous ores and other natural wealth will have to be developed and exploited to the fullest possible extent. Industrial development would enable the surrounding agricultural areas to be placed on a foundation of modern technology.

At the same time, the transfer to peaceful uses of funds and resources released as a result of disarmament would afford scope for extensive economic, scientific and technical co-operation among States on a basis of equality and mutual advantage. Even at the present stage, a start should be made on plans for international economic co-operation, in particular plans to overcome the economic backwardness of the less developed countries in the conditions created by general and complete disarmament.

First consideration must be given to the existing national development plans of the countries in question, and the necessary arrangements must be made in the United Nations in collaboration with their Governments, to work out measures which will ensure the earliest possible fulfilment and over-fulfilment of these plans in conditions of general and complete disarmament.

Immense resources of power and raw materials are concentrated in South East Asia: petroleum, iron, manganese, lead and other ores, tin, bauxite etc. The area is rich in rubber, jute, cotton, sugar-cane and many other valuable raw materials. Here large crops of rice and many other foodstuffs can be grown. The valleys of the gigantic rivers of this region, the Ganges, Brahmaputra, Indus and Hekong, like certain other regions of the world, are the cradle of civilization. Yet, many millions of people living in these richly-endowed areas are at present vegetating in poverty and backwardness, and suffering hunger and privation. General and complete disarmament could set their feet on the highroad to better living standards and general progress. With the funds released by disarmament, dozens of hydroelectric power stations, with a total capacity of some thirty to forty million kilowatts, could be built in a comparatively short space of time in the thickly populated areas of South East Asia. The construction of a series of dams on the Ganges, Brahmaputra, Indus and other rivers would make possible the establishment in this region of mighty irrigation systems which would irrigate millions of hectares of land and
remove the threat of devastating floods. Not only single plants but also large industrial complexes could be established in this area on the basis of cheap hydroelectric power.

The basin of the Mekong River could become an important area of hydrotechnical and industrial construction. In the lower course of this river, for example, hydroelectric stations with a capacity of 4 million kilowatts could be constructed to irrigate 9 million hectares, thus increasing threefold the area of irrigated land in the region. These installations, together with the construction of industrial plants based on cheap hydroelectric power, could completely transform the economy of the countries of Indo-China. The problem of harnessing this mighty river of Asia has been discussed in the United Nations Economic Commission for Asia and the Far East for many years now, without tangible results. Since there are no funds to finance the work, many argue that plans to tame the Mekong in the near future are Utopian.

If, however, part of the funds at present being squandered annually on the armaments race were allotted to the development of the Mekong, the dreams of the tens of millions of people living in the Mekong basin would come true.

A number of power supply problems could be solved by the construction on the Irrawaddy River of a system of hydroelectric power stations with a total capacity of 6 million kilowatts. Transport conditions could be improved by the construction of dams on this river, while other irrigation works would permit the irrigation of up to a million hectares of land.

Lack of funds is holding back the execution of many important projects for the exploitation of rivers and other natural resources not only in the areas referred to, but in other areas of Asia also.

If, in the Near and Middle East, natural gas, which is at present almost invariably burned off uselessly, were used for the benefit of the people, vast complexes of chemical factories could be set up in the area for the production of many valuable materials such as fertilizers, artificial fibres, building materials, drugs, industrial raw materials and so forth. Thanks to modern technology, the use of the resources released by disarmament could restore the ancient prosperity of the Tigris and Euphrates river basins.

The creation of the great power base described above would enable the countries of South East Asia, the Near East and the Middle East to build dozens of steelworks with an output of about 20 million tons of steel per year, to construct dozens of large nitrogenous
fertilizer factories, to lay up to 10,000 kilometres of oil pipelines, and to build a merchant shipping fleet capable of meeting all their passenger and cargo transport needs.

In addition, the funds allotted for aiding the development of the countries of these areas would permit the construction of up to 10,000 kilometres of roads and railways, and of factories for the processing of valuable tropical timber, fish canneries and other sea products processing plants, and so forth.

Equally great possibilities exist for improving the economy and radically raising the living conditions of the peoples of Africa. The continent of Africa is rich in sources of energy, minerals and agricultural raw materials, and fertile land. Given the resources made available through disarmament, it would be possible to plan the construction in Africa of a number of large hydroelectric or thermal power complexes around which industrial areas of world importance could be built up.

One of the areas where this could be done is the basin of the River Nile, which in the past played an enormous part in the development of civilization. With the help of the Soviet Union, the people of the United Arab Republic are building on the Nile the Aswan High Dam, with a power station of 2.1 million kilowatts capacity. Aswan is the symbol and harbinger of the coming electrification and industrialization of Africa. The Aswan reservoir will supply water to about a million hectares of land, which will increase the cultivated area of the United Arab Republic by one third and raise the country's income from agriculture by 50 per cent. According to the calculations of Soviet and other experts, a further six great hydroelectric stations, with a total capacity of 12 million kilowatts, could be built in the Nile basin. The reservoirs thus created could be used to irrigate another 5 million hectares of land for the cultivation of cotton, rice and other valuable crops, and would permit the construction of numbers of chemical, engineering, textile, petroleum processing and food undertakings.

Another great power and industrial complex could be created on the basis of the rich petroleum and natural gas resources of the Sahara in North Africa. The petroleum and gas reserves in this area are estimated to be among the largest in the world, amounting to approximately 2 to 3 thousand million tons of oil and over 2 million million cubic metres of gas. Petroleum is not merely a source of power, but also a raw material for the production of clothing, footwear, drugs, fertilizers and building materials. The whole of North Africa could bloom like a garden if the petroleum and gas wealth of the Sahara were used, as it should be, for the benefit of the population. The riches belonging to
the people of this area must not be diverted from them as they were in colonial times, but must be used, under a voluntary international agreement, to raise their standard of living and that of the adjoining areas of Europe.

The third great potential power and industrial centre is the area of the West African rivers Volta and Niger. Here, hydroelectric power stations with a total capacity of about 15 million kilowatts could be constructed. By this means, full use could be made of the vast deposits of bauxite which exist in this area and aluminium could be produced locally. The power could also be used for many other enterprises and for extending communications, which are very sparse in this region. Power requirements are rising rapidly as a result of the economic reconstruction of the countries of the area.

The fourth great industrial complex in Africa could be created on the basis of the colossal power potential of that great African river, the Congo, and the rich geological storehouse constituted by the Congo basin. Copper, lead, zinc, tin, uranium, diamonds and rare metals are all found in this fabulously rich area; yet the local population, who are the rightful owners of the mineral wealth of their land, live among these riches and this plenty in poverty and hardship.

Extensive use could also be made of the power potential of the Zambesi River, along which local projects on a smaller scale, but nevertheless of great importance to the areas concerned, could be carried out.

Latin America too abounds in natural resources. It possesses vast reserves of petroleum, hydroelectric power, iron ore, coking coal and non-ferrous metals. It has a vast land area and a favourable climate for efficient stock-breeding and for the cultivation of various food and industrial crops.

On the rivers of the Andes foothills, a project which is fully ripe for implementation could be put into effect: to set up a great hydroelectric and industrial complex involving the construction of a system of hydroelectric stations with a total capacity of over 7 million kilowatts. An extensive system of steelworks, petroleum and engineering undertakings and non-ferrous metal works could be created in South America.

It would become possible to carry out projects for harnessing the energy of the Iguazú waterfalls – among the greatest waterfalls in the world. The Iguazú falls have hydroelectric power resources of 5 million kilowatts, which could be turned into electricity and used for aluminium and steel production.

A project could be carried out to create a great power and industrial complex in the area of the Orinoco River. Eastern Venezuela would then become not only an oil producing
area, but also an area of advanced heavy industry, with large steel works, petro-chemical works, and nitrogenous fertilizer factories. A system of irrigation canals could be set up along the Orinoco River to irrigate the great areas of desert land in the eastern part of Colombia and the western part of Venezuela.

Power from the Magdalena River could be used for the production of aluminium from Colombian bauxite, for a number of projected metallurgical plants, for the electrification of two important projected railways, and for the development of navigation.

A great transformation would also take place in the development of the economies of the countries of Central America, if they possessed the resources to put into effect their economic development projects.

It was pointed out above that the new discoveries and advances which will undoubtedly result from the execution of international programmes of scientific and technical development will either directly or indirectly affect the economies of the countries of Asia, Africa and Latin America. The construction of large nuclear power stations which will be made possible by scientific research in that field, the increased agricultural productivity which will result from the construction of new irrigation systems and the improvement of existing ones, the improvement of weather forecasting and, later, the regulation of climatic conditions, the considerable rise in the extraction of minerals which will result from research on the earth's crust, the development of scientifically-based fishing as a result of studies of the world's oceans - all these are hard to express in precise figures, but in each case they represent substantial advantages for the economies of the Asian, African and Latin American States.

In conditions of general and complete disarmament, the countries of Asia, Africa and Latin America could each year set aside for the development of their economies not only appreciable funds of their own, but also the large amounts which would be made available to them by the developed countries in the form of assistance.

In the USSR, general and complete disarmament would release considerable productive resources in the machine-building, electrical engineering and other industries. This would enable the Soviet Union to increase appreciably its already substantial exports of machines and complete plants to the developing countries, thus accelerating the industrialization of these countries.

It has been observed above that part of the resources which would be released in the USSR, as in other industrially developed countries, as a result of general and complete disarmament could be used to bring about a substantial increase in the total resources made available to developing countries.
As Mr. N.S. Khrushchev said in an address to the Indian Parliament:

"Today, hundreds of industrial enterprises and electric power stations are being built in many under-developed countries with the aid of the USSR. We want these countries to stand on their own feet and to set up industries of their own capable of producing not only consumer goods, but also the means of production. This will help them to establish their own industrial base and will accelerate the rate of economic development of the under-developed countries. We base our policy on the view that every country striving to strengthen its independence must develop its own national industry, its own economy, in order to raise the standard of living of its people and develop its culture."

The Soviet Union is already giving substantial assistance to many developing countries in the organization and execution of integrated geological survey works, the preparation of geological maps, and so forth.

Soviet and Romanian geologists have helped several countries of southern Asia to discover a number of oil fields within a brief space of time, although the Western oil monopolies which had been exploring for many years had stated that the countries in question had no oil resources.

Comprehensive exploration of the raw material resources of the developing countries is essential to the preparation of sound programmes of economic development and the proper siting of industrial centres in relation to raw material and power sources.

The availability of additional funds as a result of disarmament will call for the drafting of long-range programmes covering economic development, growth rates, the location of industry and transport routes, agricultural expansion, the elimination of illiteracy, the training of cadres, etc.

Almost all the countries which have attained political independence in recent years have concluded on the basis of their own experience that they cannot achieve real economic progress without preparing and carrying out various types of long-range economic development programmes. However, they still lack planning experience and properly trained personnel, and in that respect the experience of the Soviet Union, which has more than forty years of long-range economic planning behind it, is invaluable to them. The Soviet Union has already assisted a number of economically under-developed countries in drafting their economic development programmes. The newly independent countries could with particular advantage apply the experience of the Soviet Central Asian Republics, which within a brief period of time have carried out vast plans of industrialization, agricultural expansion, and educational and cultural development.
That does not, of course, mean that when disarmament is achieved every economically under-developed country will be able to carry out the process of industrialization in the same manner, at the same rate and on the same scale. Economic development programmes will have to be drawn up in the light of each country's special characteristics - its level of development, social conditions, geography and natural resources, history, culture etc.

Countries with a small population and limited natural resources can develop their economies and carry out the process of industrialization in co-operation with neighbouring countries on the basis of co-ordinated development plans.

The experience of the Soviet Union and the other socialist countries shows that electrification on the basis of a unified plan is of the utmost and, in many respects, decisive importance to a country's economic development and industrialization.

It remains true today that the development of a power supply system is essential to the economic progress and industrialization of the agricultural countries, for without it the development of modern industry is not possible. This means that plans for the scientific and most efficient siting of the various types of power centres - hydroelectric, thermal, atomic and other power stations - as well as provisional power utilization plans, must be drawn up in good time.

After disarmament has been achieved, all these problems will be much easier to solve and assistance from the Soviet Union and the other socialist countries will be able to make a great contribution to their solution.

As the Soviet Government pointed out in its reply to the United Nations Secretary-General's letter of 22 September 1961, there are no groups or individuals in the Soviet Union that have a stake, economic or of any other kind, in the arms race. Thanks to the system of public ownership of the means of production and planned economic development, the diversion of military appropriations and of human and material resources to non-military uses cannot produce strains in the economy of the Soviet Union, any more than in that of the other socialist countries although, of course, the reorganization process necessitated by disarmament will call for a wide range of organizational measures and will take a certain amount of time. In the USSR, provision will be made of the utilization for non-military purposes of the savings achieved as a result of disarmament by means of appropriate amendments or additions to the State economic plans, with special emphasis on measures designed to improve living standards as quickly as possible.
As is pointed out in the programme of the Communist Party of the Soviet Union, "given a lasting normalization of international relations, a reduction in military spending and, in particular, the achievement of general and complete disarmament on the basis of an international agreement, plans for improving the workers' living standards could be substantially over-fulfilled". The savings achieved by putting an end to military spending could be used for investment in the construction of light industrial plants and for bringing about a substantial increase in the production of consumer durables—television sets, refrigerators, washing machines, automobiles, motor cycles, etc.

Thus, general and complete disarmament would bring nearer the achievement of the tremendous objectives set for the next two decades by the programme of the CPSU as targets for the rise in the standard of living of the people.

Unfortunately, disarmament has not yet been achieved. Because of the heightened international tension resulting from unfriendly acts of direct provocation against the Soviet Union and its allies, the Soviet Government has recently been compelled to take steps to increase the strength of the USSR's defences. The 13,900 million roubles allocated to the Soviet Ministry of Defence under the 1963 State budget represents 16.1 per cent of total budgetary expenditure.

In a speech delivered at an election meeting on 27 February 1963, N.S. Khrushchev said:

"If the international situation was better and if we could reach agreement and shake off the burden of armaments, there would, of course, be greater opportunities for further economic progress and improvement in living standards. Even as matters are today, the Soviet economy is growing, but then its growth would be much more rapid".

In the event of disarmament, the consumer items produced by the Soviet economy for use by military personnel will remain part of the national consumer-goods fund, although in somewhat altered form (for example, civilian clothing and footwear will be produced instead of the corresponding items of military uniform). Hence it is the portion of defence outlays now earmarked for arms replacement and for the utilization of general production capacity for defence purposes that will represent a net saving of national resources in terms of output and production capacity.

Demobilized military personnel will immediately—or in certain cases after some vocational retraining—join the ranks of the productive labour force, thus bringing about an increase in aggregate social product and national income.
It may be assumed that if complete disarmament is achieved, most of those released from the Army and Navy will be added to that portion of the Soviet labour force which is engaged in physical production. The remainder will go to swell the ranks of scientific and cultural workers and of those engaged in providing necessary public services.

Even allowing for the planned reduction in the work week, the manpower resources devoted to physical production will increase and there will as a result be some increase in the annual growth rate of the aggregate social product and of national income.

In a planned economy, the function of the resources released by disarmament will be to ensure proportionately increased appropriations for the various non-military sectors of the economy and for public services, according to the specific conditions of the economic plans for the years in question.

Disarmament will also make it possible:
(a) To free the production capacity of plants engaged in the production of tanks, military tractors and armoured carriers, many of which plants can be quickly converted to the production of agricultural and transport machinery. This is apparent from the experience of the Second World War, when it was the factories producing agricultural and transport machinery that were most quickly converted to military production.

The Soviet Union's need for agricultural machinery is great. It is estimated that the number of tractors and trucks employed in Soviet agriculture should be more than doubled, the number of ensilage-harvester combines doubled, the number of maize-harvesting and beet-harvesting combines quintupled, etc. In 1963, capital investment in agriculture by the States alone will amount to 4,100 million roubles, or 13 per cent more than in 1962. Disarmament will make possible a further increase in capital investment in agriculture.
(b) To free the production capacity of a sizable number of aircraft and shipbuilding enterprises, which could be converted quickly and without loss to the production of civilian aircraft and of river and sea-going vessels - types of transport for which there is an unsatisfied demand in the Soviet Union.

Although passenger air transport is developing rapidly (in 1961, 21.8 million passengers were carried a total of 16,400 million passenger-kilometres), a further expansion of civil aviation is essential in view of the Soviet Union's huge distances and the development of international communications.

At the same time, disarmament could provide an expanded civil aviation with qualified flying and ground staff.
The same applies to passenger shipping and river transport, which could be supplied not only with equipment but with trained navigational and technical staff. (c) To release the production capacity of plants manufacturing radio equipment and electronic apparatus. Part of this capacity could be switched to the production of automation and labour-saving devices, and a great deal of it could be transferred to the manufacture of television equipment, refrigerators and other domestic appliances.

In order to meet the demand, it is planned to raise the output of domestic refrigerators to 2 million a year within the next two years. The Soviet State would take advantage of any opportunity to speed up the development of these industries.

(d) To release building capacity, a considerable proportion of which could be switched to urban development. The Soviet Union has already developed housing construction on an extensive scale. In the last six years (1957-1962) 12 million well-appointed apartments have been built in the towns, and 3,800,000 houses have been built in rural areas. As a result, 75 million of the USSR's inhabitants, i.e. one third of the entire population, have been able to move into new dwellings and improve their housing conditions. It is planned to build a total of more than 90 million square metres of housing in the cities in 1963; and the rate of building will be progressively stepped up thereafter. In order to meet the housing needs of the population, the housing inventory of the USSR is to be increased by approximately 200 per cent over a period of twenty years. In the event of complete and general disarmament, this programme could be fulfilled several years ahead of schedule.

(e) To release for civilian purposes buildings used by military establishments. These buildings could most simply be re-equipped for public health and education establishments - the provision of additional hospitals, polyclinics, boarding schools, institutes, and research centres. The USSR's twenty-year plan provides for an increase in the number of students attending institutions of higher education to 8 million (as against 2,900,000 in 1962/63) and for the introduction of free universal eleven-year schooling, with State support for most pupils. It is also planned to double the number of medical schools. The re-equipment of buildings at present occupied by the military establishments could help to accelerate the fulfilment of this programme.
Because the major part of the national income and all manufacturing enterprises and educational and research institutions are under State control, no organic problems could arise in the USSR in the adaptation of industry and science to civilian purposes. The process, although it would necessitate certain expenditure, would be carried out according to plan and would have no adverse economic and social effects.

In particular, the transfer of personnel released from the armed forces to civilian work would not be a complicated matter for the Soviet Union. The numbers of such personnel requiring re-training would be comparatively small, since most servicemen have some trade or skill which could be used in civilian life.

Moreover, the USSR possesses an extensive system of vocational training facilities for workers, and this would facilitate the task of improving the skills of the demobilized men or re-training them. In 1961, 11.5 million people in factories and office improved their qualifications with the help of various institutions, schools and courses of professional and technical training and by means of individual instruction, without interrupting their employment. Furthermore, the number of students completing correspondence and evening courses at higher and secondary special educational establishments without interruption of employment reached 3 million in 1962-63. These students were granted extra paid leave and additional week days off.

The Soviet Union has a large number of teachers, so that its vocational and technical training system could be considerably expanded if need arose.

The main social advantage of disarmament would be a raising of standards of living. Under the USSR long-term plan it is intended approximately to double per capita real income in ten years and to increase it by more than 250 per cent in twenty years. With disarmament, the time needed to carry out this programme could be shortened by several years.

Throughout the world military needs are diverting not only material and labour resources but also many human skills and scientific discoveries from the task of increasing national prosperity. Disarmament would undoubtedly speed up the technical and social progress of society.

The armaments race inevitably creates fears of an impending war. Surveys carried out in capitalist countries show that these scares adversely affect the mental state of the population, sap many people's moral strength and create feelings of insecurity. Disarmament would free the world from the depressing effect of the armaments race on the population, reduce crime and raise the general tone of people's lives.
Passing to the question of the most rational methods of adapting the economy in the event of disarmament and the possibility of reconversion creating difficulties in certain capitalist countries, we must remember that such difficulties are often exaggerated.

Some publications express fears that many enterprises might have to close down and that there might be mass dismissals of workers from defence plants and scientific institutions at present engaged on military work. Yet it is quite possible to use existing defence plants and military research centres for peaceful purposes. In many instances, e.g. in the conversion of atomic reactors to atomic power stations, of missile plants to establishments producing space research rockets, of military to civil aircraft factories, of naval to civil dockyards, etc., little re-equipping would be necessary, and the staff would remain basically the same. In other cases re-equipping and partial retraining of the staff might be necessary. On the whole, if due account is taken of the specific nature of the establishments to be converted, not only should there be no unemployment, but also no need for large displacements of labour or for large-scale retraining of workers.

Conversion to a non-military economy would result in increased output of a number of consumer goods. This additional volume of goods could be absorbed by increasing the demand for consumer goods both on the part of the population (by reducing taxes), and on the part of the State (by increasing appropriations for national and international programmes of peaceful development).

Desiring to attract attention to the problem of the rational use of money and resources released by general and complete disarmament, the Government of the USSR proposed the discussion of the item "Economic programme for disarmament" at the seventeenth session of the United Nations General Assembly. The debate on this item was a major contribution to the elucidation of this problem which is of concern to all countries of the world.

A number of writers and speakers have alleged that the time is not yet ripe to work out an economic programme for disarmament, since disarmament negotiations may continue for a long time yet. This argument has no merit. Specific programmes for conversion and assistance to the developing countries must be worked out in advance and implemented as soon as or even a little before disarmament begins. Otherwise there might indeed be economic difficulties and dislocations. It is essential that the new plants should start up and existing plants expand production as far as possible at the same time as servicemen are demobilized.
It would be advisable even now to initiate a study at the international level of both the socio-economic and the political aspects of disarmament. This is important for the practical solution of disarmament problems as well as for the mobilization of public opinion and the preparation of specialists in disarmament and disarmament control.

A special study should be made of the use of military technology and equipment for peaceful purposes. In the event of disarmament much of it could be used with very slight modifications in non-military production, transport and communications.

We must not overlook certain advantages which would accrue to international trade as a result of disarmament.

The arms race has brought about considerable changes in the commodity structure of imports and exports. A large proportion of all imports and exports consists of arms and other military goods. But the arms race not only affects the structure of foreign trade - it has also affected its geographical distribution. For instance, at present more than 60 per cent of United Kingdom exports go to sterling and dollar area countries, 32 per cent to the countries of the European Economic Community and other Western capitalist countries, and only a little more than 2 per cent to the USSR and other European socialist countries. As a result of the "cold war" and the policy of discrimination the volume of trade between Western and Eastern Europe is now approximately one quarter of the pre-war figure, while there is virtually no trade at all between the United States and the socialist countries. From the economic point of view, this level of trade between the largest States in the world, which now accounts for more than half of world production, does not make sense.

Among Western businessmen there are many far-sighted individuals who sensibly assess the world position and consider that international trade should not be subordinated to military staff demands.

At present about 10 per cent of the goods produced in the world enters into international trade. According to some economists' calculations, this percentage represents a sum of the order of $130,000 million. Owing to restrictions on trade imposed by the West, a considerable range of goods is excluded from world trade. In normal peaceful trading conditions without arms or wars, world trade could expand to $600,000-700,000 million, i.e. increase approximately five-fold.

In the last twelve years, the United States share of the industrial production of the capitalist countries has declined and its share of capitalist world trade has diminished.
The Soviet Union with its highly developed economy now has immeasurably greater potential and resources for trade with other countries, including the United States, than ever before.

On common-sense grounds it would be to the advantage of the United States to increase its production and expand its trade. Soviet purchases of equipment and various materials from the United States could, subject to satisfactory arrangements, be very substantial immediately discriminatory practices and other political obstacles were removed. In only a few years they could amount to several thousand million dollars annually. The United States would be able to raise its rate of industrial plant utilization and increase employment.

It is not more difficult to achieve favourable results in international trade as a result of disarmament than in other economic fields. International trade could very easily discard the ways of a militarized economy, and it is least of all subject to the difficulties of the "transition period" - the time required for transition from an armed world to a world without armaments.

Hence we may conclude that it will be possible at an early date to set about freeing international trade from the grip of a military economy, thereby bringing nearer the start of disarmament. For, when artificial restrictions are removed, trade can be the first branch to enter the promised land of peace, taking the other branches of the modern economy with it.

At present preparations are being made for the holding of an international conference on trade and development under United Nations auspices. The nations place great hopes in this conference. Among other questions, it will examine the economic and trade aspects of disarmament.

It is to be hoped that the conference will make a worthy contribution to man's attainment of a lofty goal: to live and work in a world without weapons or wars.

General and complete disarmament will make it possible for the most recent achievements of science and technology to be used peacefully for the good of mankind. It will open up boundless opportunities for the joint study by scientists of all countries of the still unknown forces of nature, and it will enable efforts to be combined for a decisive war against epidemics and diseases.
Extensive exchanges of knowledge and experience and joint efforts by scientists, engineers, agronomists and doctors and by hundreds of millions of ordinary people in all countries of the world would, in the event of general and complete disarmament, be a very important factor in accelerating the scientific, technical, cultural and social progress of mankind at an unprecedented rate.

This is the real alternative to the senseless armaments race and the catastrophe of thermonuclear war.