ECONOMIC AND SOCIAL CONSEQUENCES OF DISARMAMENT

(Report by the Secretary-General)

1. This submission to the Economic and Social Council is in accordance with Council resolution 891 (XXXIV), on the economic and social consequences of disarmament. It reports on the activities of Member States relating to paragraph 6 of that resolution, on the activities of the Secretariat at Headquarters and in the regional economic commissions in co-operation with the related agencies concerned, and on suggestions for further studies concerning the impact of disarmament on international economic relations. A related topic, economic and social planning in developing countries to take advantage of resources released by disarmament, will be covered in a separate report to be submitted to the General Assembly under Assembly resolution 1837 (XVII).

Activities of Member States with respect to paragraph 6 of Council resolution 891 (XXXIV)

2. Council resolution 891 (XXXIV) urges Member States to conduct any studies that may be needed for making economic and social adjustments in the event of disarmament, and invites the Secretary-General to enquire concerning these studies and report to the Council accordingly. The Secretary-General therefore invited Member States to provide relevant information. The replies of

1/ Reproduced in annex I.
2/ The Secretary-General's note verbale, reproduced in annex II, also requests information from developing countries in connexion with General Assembly resolution 1837 (XVII).
fourteen Governments, received by 30 April 1963, are reproduced in addenda 1 and 2; replies received subsequently will be reproduced in further addenda. 3/

3. The number of replies received by 30 April 1962 is insufficient for a comprehensive analysis of activities by Governments of Member States. The communications indicate that while careful attention is given to the question of the economic and social consequences of disarmament, further studies specifically directed to this question are being pursued at present by only a few of the Governments replying. The replies of Canada and the United States report that the statistical material submitted to the Secretary-General in connexion with the work of the group of experts appointed under General Assembly resolution 1516 (XV) 4/ is being further elaborated. The reply of the United States describes the activities of the Economics Bureau in the Arms Control and Disarmament Agency of the United States Government, and also draws attention to other official and unofficial studies of the economic and social aspects of disarmament. The reply of Israel indicates that while all aspects of the question are under constant review and study, any conclusions drawn at present would be subject to unforeseen factors. The replies of Romania and the United Kingdom refer to those Governments' previous submissions to the Secretary-General, 5/ the reply of the United Kingdom stating that further studies will not be needed until there have been significant changes in the conditions on which the previous submission was based. The Government of the Netherlands, which had also made a previous submission to the Secretary-General, states that no further studies are being made at present. The reply of Belgium notes that until information on the probable timing of the steps to be taken in achieving disarmament becomes available, it would be difficult to make very precise plans for the desired adjustments. The reply of Iraq indicates that

3/ As many of the replies of Governments are pertinent also to the subject of the report to the General Assembly under Assembly resolution 1837 (XVII), they will also be included in the documentation for that report.

4/ Reproduced in volume II of the Secretary-General's report on Economic and Social Consequences of Disarmament, Replies of Governments and Communications from International Organizations (Sales No.: 62.IX.2).

5/ Ibid.
studies must be deferred pending the formulation of a new comprehensive development plan. The reply of New Zealand anticipates that the economic and social consequences of disarmament would be favourable, and states that the Government has seen no need for special studies of the economic and financial repercussions of a disarmament agreement, so far as that country is concerned. The replies of Chad, Laos, the Sudan and Tanganyika note that disarmament could have highly favourable economic consequences; attention is drawn to possibilities for transferring domestic resources to peaceful uses and for increasing the inflow of external capital and assistance.

4. Several Governments draw special attention to public interest in the subject. The replies of Japan, the United Kingdom and the United States mention the publication of unofficial studies, and the replies of Israel, Japan and Romania make specific reference to the dissemination of the Secretary-General's report. 6/ The reply of Israel states that both the document itself and condensed Hebrew versions have been widely distributed. The reply of Japan reports the publication of a Japanese translation of volume I of the Secretary-General's report and of an abridged translation of volume II. The reply of Romania makes mention of the wide and favourable reception given to the report in that country. 7/

Work programme of Secretariat

5. In accordance with Economic and Social Council resolution 891 (XXXIV) the United Nations Secretariat is keeping under review the basic economic and social aspects of disarmament. The work programmes both at Headquarters and in the secretariats of the regional economic commissions also include various projects which, although they were established for other purposes, will prove of value in studying the subject. In the implementation of these projects, their relevance in this connexion is being borne in mind. In the field of domestic policy questions, the secretariat of the Economic Commission for Europe proposes

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6/ Volume I was entitled Economic and Social Consequences of Disarmament: Report of the Secretary-General transmitting the study of his Consultative Group (Sales No.: 62.IX.1). Volume II is cited in Foot-note 4/, above.

7/ The United Nations Office of Public Information is preparing a short pamphlet on the economic and social consequences of disarmament for publication in mid-1963.

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to study the impact of complete demobilization on the civilian labour force and structure of employment in ECE countries. The secretariat of the Economic Commission for Asia and the Far East notes that its programme in under-developed areas to promote the study of government budgeting is also relevant in this connexion. Current work on budget reclassification and management, especially concerning the relationship between government budgeting and economic development programming, will prove of value in planning economic and social adjustments during the conversion period and in taking advantage of the opportunities for accelerated development that disarmament will provide. Work in this field is being actively pursued both at Headquarters and in the other regional economic commissions.

6. Within the field of international economic relations, to which Council resolution 891 (XXXIV) draws special attention, there appear to be three principal groups of topics on which United Nations work is relevant to the economic aspects of disarmament: (1) problems of maintaining adequate stability in national balances of payments during the conversion period, (2) problems in the longer-run reshaping of international trade relations to take advantage of the opportunities afforded by a disarmed world, and (3) the question of accelerating the flow of capital and assistance to developing countries.

7. With respect to problems of maintaining balance of payments stability during the conversion period, the Secretary-General's report to the thirty-fourth session of the Council concluded that "no country should be allowed to suffer a disruption to its economic life, even temporarily, as a result of disarmament", and that careful study would be required to ensure that "any temporary dislocations of economic life that might occur are minimized".

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8/ See E/ECE/482, and a resolution adopted by the Commission at its eighteenth session regarding "Implementation of the Declaration on the Conversion to Peaceful Needs of the Resources Released by Disarmament".

9/ See, for example, A Manual for Economic and Functional Classification of Government Transactions (Sales No.: 58.XVI.2), and the work programmes of the Commissions: E/CN.14/230, project 01-11 (Africa); E/CN.11/L.115/Rev.1, project 03-06 (Asia and the Far East); and E/CN.12/598, project 3 (iii) (Latin America 1961-62; a more recent programme will be available to the Council's thirty-sixth session).

10/ Volume I, op. cit., paras. 137 and 134.
transition period, it appears that extensive international study of the question can be undertaken only on the basis of more complete data than now exist, including national analyses of probable changes in import requirements. A few of the Governments contributing to volume II of the Secretary-General's report to the thirty-fourth session of the Council presented tentative analyses of this kind. If such studies are elaborated and brought up to date as changing conditions may require, a sound basis will be laid for international economic co-operation in dealing with trade problems during and immediately following the conversion period. Concerning the elaboration of appropriate economic policies, it may be noted that activities of the Commission on International Commodity Trade and the forthcoming United Nations Conference on Trade and Development are expected to make helpful contributions in connexion with measures for the stabilization of primary commodity markets and for international compensatory financing. In the light of the results achieved by these bodies it will be possible to consider what further studies concerning short-run economic policies in this field may be required.

8. With respect to problems in the longer-run reshaping of international trade relations, also, it appears that pertinent work is currently under way, particularly in connexion with the preparations for the United Nations Conference on Trade and Development. In the interim report on its first session, the Preparatory Committee for this conference notes that its that its proposed agenda item I.1 (a review of trends in world trade and its perspectives) "is broad enough to cover all the short- and long-term aspects of international trade, including the question of the implications of general disarmament for trade". The work of the Economic Commission for Europe in the field of trade co-operation, especially east-west

11/ The replies of Governments reproduced in addenda to the present report provide some information concerning current activities in this field.

12/ See the report on the tenth session of the Commission on International Commodity Trade (E/3644), and Compensatory Financial Measures to Offset Fluctuations in the Export Income of Primary Producing Countries (E/CN.13/56), and documentation of the eleventh session of the CICT.

13/ See agenda items II.4 and II.5, proposed in the interim report on its first session, by the Preparatory Committee for the United Nations Conference on Trade and Development (E/3720, para. 6).

trade, is pertinent in this connexion. In view of opportunities for trade expansion resulting from the relaxation of international tensions and the acceleration of economic growth accompanying disarmament, the Commission's periodic reviews of obstacles to trade and the possibilities for expansion have a special relevance.

9. With respect to the question of accelerating the flow of capital and assistance to developing countries, current United Nations work programmes will provide background information, in which context national and international decisions concerning the flow of capital and assistance can be taken. For example, the projection of global and regional economic trends can throw light on the capital requirements of the developing countries, based on the targets of the Development Decade, the related import needs of developing countries and their likely export earnings and other foreign exchange proceeds. A related, and very important question, is the establishment of development plans and projects in developing countries and regions the implementation of which could respond promptly to an acceleration in the flow of capital and assistance. This question, as mentioned in paragraph 1, above, will form the subject of a separate report, to be submitted to the General Assembly under resolution 1837 (XVII).

10. To facilitate collaboration between the United Nations Secretariat and the international agencies concerned, Economic and Social Council resolution 891 (XXXIV) and General Assembly resolution 1837 (XVII) have been drawn to the attention of the specialized agencies and the IAEA, and the comments which they have submitted with respect to matters in which they have a special interest are reproduced in addendum 3 to the present document. These comments pertain mainly to projects and plans related to the United Nations Development Decade, and will therefore be particularly pertinent to the report to be submitted to the General Assembly under resolution 1837 (XVII). The submission of UNESCO includes resolution 3.73, adopted by the General Conference of UNESCO at its twelfth session. The Secretary-General

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16/ See the Secretary-General's report on economic projections and development planning (E/3764).
wishes to draw this resolution to the attention of the Economic and Social Council, as requested in the resolution's final paragraph. In particular, attention is drawn to the first sub-paragraph of the last paragraph, which declares the readiness of UNESCO to supply the United Nations with information and studies concerning the economic and social consequences of disarmament, as may be requested. The submission by UNESCO also includes a suggestion, applicable to countries relatively advanced in science and technology, that studies might be undertaken to facilitate the transfer to peaceful purposes of the resources devoted to scientific and technological research in military fields. The submission by the ILO states that that organization keeps the question of the economic and social aspects of disarmament under constant consideration, in accordance with a request by the Governing Body at its 145th session. The ITU and the IAEA have submitted comments concerning the possible conversion to peaceful uses of resources devoted to military purposes in the fields of atomic energy and telecommunications, respectively. The submission by the WHO reports on certain of that organization's projects, in connexion with the United Nations Development Decade, which could be developed further if additional resources were made available as a result of disarmament.
ANNEX I

RESOLUTION ADOPTED BY THE ECONOMIC AND SOCIAL COUNCIL

891 (XXXIV). Economic and social consequences of disarmament

The Economic and Social Council,

Recalling General Assembly resolutions 1378 (XIV) of 20 November 1959 and 1516 (XV) of 15 December 1960,

Aware of the great importance of an agreement on disarmament for the achievement of accelerated economic and social progress in the world and, in particular, for the promotion of economic development of the less developed countries,

Drawing attention to the fact that the world is spending annually on military account a sum approximately as large as the entire national income of all the less developed countries,

Affirming that pending an agreement on general and complete disarmament under effective international control, Member States should not relax in their efforts to assist the developing countries but should rather accelerate such efforts,

Conscious that the impact of disarmament will set in motion great changes in the domestic economies of countries and in international economic relations as a result of the progressive diversion of human and material resources from military to civilian purposes,

Expressing its appreciation of the report of the Secretary-General transmitting the study on the "Economic and Social Consequences of Disarmament" (E/3593) prepared by a team of expert consultants,

Considering that further study will have to be given to the action to be taken at the national and international levels to make use of material and human resources released as a consequence of disarmament for the benefit of the world community,

1. Endorses the unanimous conclusion of the Consultative Group that the achievement of general and complete disarmament would be an unqualified blessing to all mankind;
2. Recognizes that all problems of transition connected with disarmament can be met by appropriate national and international measures, that diversion to peaceful purposes of the resources now in military use can be accomplished to the benefit of all countries and lead to the improvement of world economic and social conditions and that disarmament can be accomplished in all countries without impairing their economies;

3. Declares that the study of the economic and social consequences of disarmament and the conclusion drawn therefrom have emphasized an important reason for the earliest feasible achievement of an agreement on general and complete disarmament under effective international control;

4. Appeals to all States to take the findings of the report on the Economic and Social Consequences of Disarmament into consideration in the policies they pursue;

5. Requests the Secretary-General:
   (a) To transmit his report, together with the comments made in the Council, to the General Assembly at its seventeenth session;
   (b) To submit his report to the Conference of the Eighteen-Nation Committee on Disarmament for its consideration;
   (c) To have his report widely distributed by means of:
      (1) printed publication to be used by the United Nations Office of Public Information;
      (2) approach to all Member States with a request to translate and publish the report in their respective languages, and
      (3) distribution of the report to non-governmental organizations associated with the Economic and Social Council.

6. Urges that Member States - particularly those which are significantly involved in, or affected by, current military programmes - should devote further attention to, and conduct any necessary studies of, the detailed aspects of the economic and social consequences of disarmament with a view to developing needed information, plans and policies for making necessary economic and social adjustments in the event of disarmament;
7. **Invites the Secretary-General:**
   
   (a) To continue to keep under review, in co-operation with the regional economic commissions and with the related agencies concerned, the basic aspects of economic and social consequences of disarmament and the problems arising therefrom on the national and international plane;
   
   (b) To inquire of Member States as early as possible concerning the progress made in the studies referred to in paragraph 6;
   
   (c) To report to the Council at its thirty-sixth session on these activities, and to suggest to the Council what further studies on the impact of disarmament on international economic relations (trade patterns, balance of payments, foreign investment, economic assistance, et cetera) might be useful;
   
8. **Requests the Secretary-General to place the item on the agenda of the General Assembly at its seventeenth session.**

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1232nd plenary meeting, 26 July 1962.
ANNEX II

NOTE VERBALE OF THE SECRETARY-GENERAL

The Secretary-General of the United Nations presents his compliments to the
Minister for Foreign Affairs of .......................................................... and
has the honour to refer to Economic and Social Council resolution 891 (XXXIV) of
26 July 1962 on the economic and social consequences of disarmament. The General
Assembly, in its resolution 1837 (XVII) of 18 December 1962, concurred in the earlie:
council resolution and in particular endorsed its operative paragraph 6, which urges

"that Member States - particularly those which are significantly involved in,
or affected by, current military programmes - should devote further attention
to, and conduct any necessary studies of, the detailed aspects of the economic
and social consequences of disarmament with a view to developing needed
information, plans and policies for making necessary economic and social
adjustments in the event of disarmament;".

In accordance with a request made to him in the same Council resolution, the
Secretary-General has the honour to inquire of Member States concerning the progress
made in the studies referred to in the paragraph quoted above. As he is called upon
to report to the Council at its thirty-sixth session, it would be appreciated if
replies on this subject could be received at Headquarters in New York by
31 March 1963.

Paragraph 8 of General Assembly resolution 1837 (XVII) invites

"the Secretary-General and the Governments of developing countries to intensify
their efforts to establish and implement soundly conceived projects and well
integrated development plans of a national and regional character, as
indicated in General Assembly resolution 1708 (XVI) of 19 December 1961, the
implementation of which may be accelerated as part of an economic programme for
disarmament at such time as additional resources are released following an
agreement on general and complete disarmament under effective international
control, and requests the Secretary-General to present his preliminary report
on this matter to the General Assembly at a forthcoming session, if possible
at the eighteenth session;".

Accordingly, the Secretary-General has the honour to invite the Governments of
developing countries to submit pertinent information concerning the establishment
and implementation of such projects and plans. It would be appreciated if replies
on this point could be received at Headquarters in New York by 31 May 1963.

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The Secretary-General has the honour finally to refer to paragraph 5 (c) of Council resolution 891 (XXXIV) which requests the Secretary-General to have his report, transmitting the study prepared by a group of expert consultants on the economic and social consequences of disarmament, widely distributed by means of, inter alia, an

"approach to all Member States with a request to translate and publish the report in their respective languages".

The Secretary-General wishes to draw attention to the fact that the report has been issued by the Secretariat as a document (Sales No.: 62.IX.1) in English, French, Russian and Spanish.

23 January 1965