Symposium on the Relationship between Disarmament and Development

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PREFACE

One of the central challenges in examining the relationship between disarmament and development could be summarized in the words of the Johannesburg Declaration on Sustainable Development which stated: “The deep fault line that divides human society between the rich and the poor and the ever-increasing gap between the developed and developing worlds pose a major threat to global prosperity, security and stability.”

The United Nations is reviewing the relationship between disarmament and development after a lapse of more than twenty years. The last review was conducted from 1978-1981 against the backdrop of the First Special Session of the General Assembly on Disarmament (SSOD I).

During the cold war era, particularly since 1981, we witnessed a number of significant developments. Notably, in 1987, the International Conference on the Relationship between Disarmament and Development adopted a Final Document which became the basis of subsequent annual General Assembly resolutions on the subject (A/Conf.130/30), available at disarmament.un.org, under “Disarmament and Development”.

In the 1990s, a new development agenda, shaped by a series of global conferences on economic, social and environmental issues emerged. The international community also witnessed an increase in armed conflict following the end of the cold war, particularly civil conflict and instability fueled by armed violence. Together with the proliferation of small arms and light weapons, these conflicts and instabilities undermined economic progress and seriously hampered development prospects in various parts of the world.

A Group of Governmental Experts has been examin-
ing the relationship between disarmament and development in the existing international context, shaped as it is by new challenges to security.

The Group completed its task in May 2004 at its third and final series of meetings in New York. Its first set of meetings was held in Geneva in November 2003. The mandate for this important exercise emanated from General Assembly resolution 57/65 of November 2002. The Group presented its report to the 59th session of the General Assembly (A/59/119).

In order to contribute to the work of the Group of Governmental Experts, the Department for Disarmament Affairs organized a symposium in March 2004. The papers that follow were based on the presentations made at the symposium by three experts in the field. They provided useful input to the Group’s work. The Department for Disarmament Affairs is pleased to present these papers as Occasional Paper No. 9.

Hannelore Hoppe
Director and Deputy to the Under-Secretary-General for Disarmament Affairs

Notes

1 A/CONF.199/20, annex, p.2.

* * *
WORLD PEACE AND ECONOMIC PROSPERITY

Lawrence R. Klein*

Abstract

Klein sees a need to work for world peace in order to promote economic prosperity, not only for individual countries, but for the world as a whole. In his view, an economy trying to have "guns and butter" can have a short economic growth spurt. Strong military spending, he maintains, can have an adverse effect on civilian economic activities that compete with the military establishment for resources. By analyzing events since the end of the cold war, he notes that repressively large military outlays led to the Soviet Union's demise, wiping out its "butter" while reduced defense spending and appropriate fiscal and monetary policies enabled the US economy to enjoy an outstanding peace dividend indicative of "guns or butter". Klein believes that a socio-economic policy that aims to achieve poverty reduction and more equal distribution of income within and among nations is the best path to building a sound working relationship between developing countries and more advanced partners.

The two conditions — peace and prosperity — truly fit together like "hand-in-glove", "peas-in-a-pod", "bread and butter" and a number of other pairs or complements. Yet, many analysts from the economics profession to other learned

* Professor Klein, who is associated with the Economists Allied for Arms Reduction, is a Nobel Laureate in Economics. This paper was originally presented at the International Conference on "A New Vision and Strategy under Changing Leadership in Northeast Asia", Seoul, 27-28 February 2004.
fields, even the often cited "man-in-the-street," do not always understand how the two concepts are mutually compatible and jointly reinforcing. Today, for instance, Africa is one of the regions where this need is most evident. While Member States have noted various reports of the Secretary-General concerning the need to examine the root causes of conflicts, I wish to highlight that a critical factor promoting the intensification of a conflict is the excessive availability of weapons.

In many introductory economics textbooks, the concept of "guns or butter" is discussed. I believe this is quite an appropriate pairing. However, in a recent editorial from the influential New York Times, the writer tried to develop the theme of "guns and butter", which I believe is quite misleading, especially in analytical terms not mentioned in the article.1

On the basis of a very shortsighted view, one can look at a time span that is so isolated and brief and arrive at terribly misleading conclusions. Ironically, the editorial was released at about the time the Nobel Peace Prize for 2003 was awarded. On the basis of one-calendar quarter of high reported growth for the United States economy (July - September 2003) in which several very short-run stimuli were administered to its economy, there was unusually high growth in real GDP at more than 8 per cent for that quarter, co-terminus with the prolonged dragged-out war in Iraq. It is unfortunate that the author did not prudently wait until the very weak labor market report was published. That report not only covered disappointing employment statistics for October, November and December, but also took note of the deaths of United States and other national service personnel, together with many civilians, in the late fall-early winter of 2003-2004.
Nor did the editorial give due consideration to the build-up of very serious twin deficits on both external trade and internal budgetary accounts, which posed some very awkward future adjustments for the United States economy.

Yes, an economy can have some very short-run improvements in overall activity levels, say in real GDP and possibly in labor market conditions in times of heavy military outlays for carrying on current or future war activities. But in the longer run, strong military spending can have an adverse effect on civilian activities that compete with the military establishment for scarce resources. When attacked by an external adversary, it may be necessary to resort to military retaliation and bear the costs of war; however, that is not an acceptable explanation of "guns and butter".2

There are many historical examples of the adverse effects of war on both the winning and losing sides, but permit me to analyze the course of events since the end of the cold war to convey some appreciation of the concept of world peace and economic prosperity – the title of this presentation. I shall argue that we need to work for world peace in order to promote economic prosperity, not only for individual countries, but for the world, as a whole.

World military spending at the close of the cold war, with dominant military spending by both the Soviet Union and the United States accounting for approximately two-thirds, was estimated at approximately 1.0 trillion United States dollars. Repressively, large military outlays by the two adversaries contributed significantly to the Soviet Union’s demise, wiping out its "butter". While the build-up of such a large deficit in the United States budgetary accounts prevented the use of fiscal policy to bring about full employment after the Gulf War in early 1991. Monetary policy, alone, without an appropriate fiscal policy, was then incapable of generating a high employment economy, in which the total
population could enjoy "butter". Another reason why monetary policy, practiced in the conventional way, could not restore full employment at that time was due to the advent of information technology methods in banking and finance, thus paralyzing the traditional methods of simply lowering operative (i.e., 24 hour) interest rates. There are often confusing new factors that bewilder policy makers. M2 hardly budged at that time.3

Yet, there was a way to move the United States economy to a higher level and sustained path of expansion in the quest for "butter," namely, to reduce defense spending for a few years running in order to use monetary and fiscal policies in a felicitious combination. Defense spending was not the only fiscal instrument that could have been used, but the end of the cold war permitted the reduction of defense spending, while holding the line on non-defense spending in 1993 by the new Administration was just the combination that the bond market wanted. Long-term interest rates fell and reached levels that stimulated capital formation and finally got the economy on a sustained expansion path. Both the reduction in defense spending over a few successive years and the lid on non-military spending were just the right tonic for the United States economy. Not only did conventional capital formation move ahead, but venture capital for the new technologies was forthcoming. The United States economy ultimately enjoyed the combination of unprecedented expansion of employment (down to less than four per cent), high productivity gains, low inflation and all the "butter" the civilians could absorb. Not only did the deficit fall under this peaceful episode, but the outstanding public debt fell to such a low that large budgetary surpluses

The keys to a successful United States policy lay in the repetitive reductions in military spending and the size of the armed forces, together with a very tight lid on non-defense operating.
appeared at the local, state, and federal levels of government. That was an outstanding peace dividend, indicative of "guns or butter" and not related to "guns and butter". To be effective, it required a roundabout route, but in a highly interconnected economy like that of the United States it worked out ultimately as the peace dividend. Other countries could have achieved similar successes, but they did not follow the United States along a path of significant reduction in defense spending.

The Administration enjoyed very high popularity after the Gulf War in early 1991, but could not bring the economy out of the recession, which began before Iraq’s invasion of Kuwait. Try as they could, the monetary authorities could not bring the economy to a good recovery that would lower the unemployment rate. That began to happen only after 1993. The new technological innovations in banking and finance were at work, and the Federal Reserve could not make a lasting impression on the bond market to bring down long-term interest rates. That happened when fiscal policy was designed to complement monetary policy and finally get M2 to expand significantly. The keys to a successful United States policy lay in the repetitive reductions in military spending and the size of the armed forces, together with a very tight lid on non-defense operating. Accommodation by the Federal Reserve, provision of venture capital to information technology and other areas of investment carried the economy through with high growth, very low unemployment, strong government receipts that not only lowered the fiscal deficit but even brought down the outstanding debt. All levels of government (federal, state, local) prospered in this era of a true peace dividend. In the 1990s, the United States became the principal locomotive of the world economy. This became a leading event, perhaps the main economic event of the 20th century — to turn a deeply indebted country into a growing, balanced,
debt-free system without significant inflation. Peace can be a powerful stimulant for economic prosperity.

It should be noted, however, that Barbara Crossette, writing in the same New York Times' Week in Review section a decade ago, explained the existence of a similar peace dividend among middle class families of India who enjoyed peaceful tourism for their dividend. She noted that in prior times such a family excursion would have been unthinkable but became commonplace in the improved atmosphere that followed the termination of the cold war.
If only Iraq, Libya, the Democratic People’s Republic of Korea and a few other countries with discretionary funds from their fortunately-based own resources could have diverted their efforts towards improving the lot of their own citizens, they, too, could have been among leading developing countries who achieved higher status — either in the Human Development Rankings (HDI) of the United Nations Development Programme (UNDP) or in the visible life-styles of their citizens.

The fact that HDI calculations cover some quantitative indicators beyond straightforward GDP measurement is worth a pause, to consider what constitutes quality of life. Beyond GDP measurement, there is population size, longevity, literacy and, in more recent calculations, such attributes as infant mortality, sanitation, clean water, physicians, nurses, schools and many more characteristics of a good life. These features can become more plentiful in a peaceful environment, as they are the essence of development made possible by peace.

**What socioeconomic features are conducive to a more peaceful environment?**

A natural thought is that attention to the distribution of income and wealth, in addition to striving for more GDP, or even GDP per capita, in the developing world would contribute to the implementation of counter-terrorism targets that one would like to see achieved. In a direct way, the poverty-reduction programmes of some international organizations have that very purpose, and it would be expected that a safer, saner world would be the outcome. Arguments have been raised however, that the anti-terrorism objectives that are being sought will not be attained as a result of the achieve-
ment of forward steps in poverty reduction or in the more equal distribution of income within and among nations.

The argument is made that achievements in income and wealth distribution are ineffective in reducing terrorism because many of the prominent terrorists are well-educated and come from middle and upper class segments of their societies. This argument, however, ignores the fact that for carrying out missions, international terrorism preys upon people who are not products of societies where there is abundance of, or even minimal opportunities for, education, comfortable living, interesting occupational choices and many other attributes of a well-ordered society. It is hard to believe that willing supplies of suicidal terrorists or victims of ethnic cleansing make up stable social orders where there is abundant hope for a life of future stability and achievement.

An alternative approach is to make the physical aspects of life attainable at a rising standard in a dynamic social setting, i.e., an environment that permits and encourages advancement, with stable and familiar cultural values.

A policy that aims to achieve such goals as those stated above will not lead to fulfillment in all cases in a short time span, measured in years. Yet it is the best path to build sound working relationships between developing countries and more advanced partners. In spite of inevitable confrontations between developing and developed nations in the process of implementation of programmes for betterment, there can be no turning back. Now that the cold war is no longer flourishing, the developed nations, must work together to meet the needs and aspirations of their own societies and those of the developing nations.

Some observations on war and peace

War cannot simply be abolished, but nations can be taught that war should be only a last resort in confrontational situations among nations. There is now great doubt that war
was an appropriate response to insurgency and dispute in Vietnam. President Lyndon Johnson's refusal to finance the war according to advice from his economic counselors and his attempt to realize both "guns and butter" for the United States attributed to the country's many subsequent economic problems in the 1970s.

Economists are fond of making cost-benefit analyses of potential events. This was done in many places and versions in the early days of 2003, before the invasion of Iraq. One that is worth considering when we are discussing peace and prosperity in the future is that as long as United Nations inspectors were on the scene in Iraq there was no evidence of the presence or attempt to manufacture weapons of mass destruction. In fact, there was no tendency for breaches of the peace in that situation. The cost of maintaining such inspections was far smaller than the cost of the war — measured not only by the official budgetary outlays, but the far greater cost in civilian and military lives, destruction of infrastructure, and generation of ill will. In this line of reasoning, it was clearly evident that the benefits far outweighed the costs and that war as the last resort was not justified, certainly not in 2003-2004.

This consideration raises the issue of the role of the United Nations in the very manner that the organization was conceived. It should be given a fairer chance to develop its main peacekeeping powers and use them in future conflicts that are on the verge of war.

Many countries have given too little credit to the United Nations peacekeeping operations and other worldwide

It is hard to believe that willing supplies of suicidal terrorists or victims of ethnic cleansing make up stable social orders where there is abundant hope for a life of future stability and achievement.
activities. It is interesting to follow the comments of David Kay, the chief United States weapons inspector of the Iraq Survey Group, on the occasion of his resignation in January 2004. It is not the conclusion he drew on the presence (or non presence) of weapons of mass destruction, but his remarks that Iraq feared the perceptive work of the United Nations inspection team and got rid of such weapons or attempts to manufacture them because the UN team was, in fact, careful and very observant. They were doing their job and holding Iraq at bay, without firing a shot. It is surely a plus for the work of the United Nations on the side of peace.

Notes

2 This short-run gain can be appropriately labeled "military Keynesianism".
3 A measure of the stock of money in an economy that includes savings deposits and other relatively liquid assets such as small certificates of deposit and money market mutual funds.
CONFIDENCE-BUILDING MEASURES:
A TOOL FOR DISARMAMENT AND DEVELOPMENT

Sarah Meek*

Abstract
“Effective disarmament” is an important condition for achieving sustainable development and disarmament-related CBMs can play an important role in post-conflict situations. Meek focuses on how CBMs relate to conventional arms and military expenditure and how they can encourage disarmament and bring about development in ways that include communication, regional approaches and transparency - particularly the UN Register of Conventional Arms and the UN system for the standardized reporting of military expenditures. She also considers the role of practical disarmament programmes that encompass weapons for development, disarmament demobilization and reintegration and subregional cooperation.

Confidence-building measures have become increasingly useful in addressing many of today’s disarmament challenges, including efforts to control the use of small arms and light weapons.

The aim of disarmament is to promote international peace and security, while the need for security is one of the

* Sarah Meek is head of the Arms Management Programme at the Institute for Security Studies, a regional policy studies organization in South Africa. This paper is based on her presentation to the Group of Governmental Experts on Disarmament and Development at the United Nations, 9 March 2004.
foundations for development. Disarmament and development are therefore mutually reinforcing concepts and security plays a crucial role in that relationship, as noted in the 1987 report of the International Conference on the Relationship between Disarmament and Development.\(^1\) Progress in these areas, including improving the security situation, can be achieved in various ways, as "progress in any of these three areas would have a positive effect on the others."\(^2\) This is especially true for those countries emerging from conflict, where providing security by disarming fighting factions becomes a precondition for development. In that connection, the 2003 Human Development Report has identified violent conflict as a key obstacle to achieving the Millennium Development Goals.\(^3\)

**Confidence-building measures**

In the context of disarmament, development and security, confidence-building measures (CBMs) have become important steps in building the trust, stability and security needed to reduce violent conflict and enhance efforts at development.

In general, adversarial states can use CBMs as tools to reduce tensions and avert possible military conflict. These tools may include communication, constraints, transparency, and verification measures. Traditionally, CBMs have either preceded the negotiation of formal arms control agreements or have been added to strengthen them. Lately, they have evolved and can now be found outside the framework of treaties. At the international level, for example, two important confidence-building measures exist: the *United Nations system for the standardized reporting of military expenditures* and *the United Nations Register of Conventional Arms.*
In other contexts, the definition of CBMs has been expanded, or redefined, to meet a changing security environment. More and more, they are being used in practical applications to address the same challenges of yesteryear, only in very different environments. Recently, they have been applied in post-conflict peacebuilding situations, in efforts to reduce armed violence and in finding means to address instability and insecurity. Often, CBMs have addressed the proliferation and misuse of small arms and light weapons — a group of weapons which poses one of the biggest arms-related challenges to peace and security for many countries — especially in Africa. Thus, CBMs can be effective in efforts to reduce small arms and light weapons in disarmament, demobilization and reintegration efforts (DDR), weapons collection programmes, and in post-conflict peace building situations.

A range of disarmament-related CBMs also remains important in reinforcing norms against the spread of weapons and reducing tensions between states. Although at one level it is important to look at the range of CBMs that are actively used, this presentation focuses on how they relate to conventional arms and military expenditure. Within that range, I will discuss how they can encourage disarmament and bring about development.

**Why are CBMs important to disarmament and development?**

In the 1991 resolution "Transparency in Armaments" the General Assembly reiterated its conviction that arms transfers in all its aspects deserved serious consideration, *inter alia*, because of: (a) their potential effects in further destabilizing areas where tension and regional conflict threaten international peace and security as well as national security; (b) their potentially negative effects on the progress of the peaceful and social development of all peoples; and (c) the danger
of increasing illicit and covert arms trafficking. This conviction led to the establishment of the United Nations Register of Conventional Arms and was reiterated in the United Nations Millennium Declaration, which identified peace, security and disarmament as one of its key objectives.

The effective use of CBMs can be an important component in making disarmament and, by extension development, sustainable. A growing body of research is illustrating how ineffective disarmament contributes to insecurity and impedes development. A report published by the World Bank in 2000 found that there was a great likelihood of conflict returning to areas that had recently suffered conflict. Linkages have also been made between those countries or regions that had been inadequately disarmed and where armed conflict or violence had resumed. Thus, finding ways to achieve effective disarmament becomes an important condition for achieving sustainable development — and CBMs have played and can continue to play an important role in this regard.

Ways in which CBMs can assist in promoting disarmament and development include:

**Communication**

In his report on the Prevention of Armed Conflict, the United Nations Secretary-General noted how transparency arrangements, in the context of disarmament, served to reduce the risk of misunderstandings that led to conflict. Such experiences can often be found during DDR programmes. For example, in Sierra Leone, a process of "simultaneous disarmament" was instituted to build the confidence of the Revolutionary United Front (RUF) and the Civil Defense Force (CDF) in the disarmament process. Simultaneous dis-
armament involved negotiating with the two parties to identify disarmament sites, to draw up disarmament schedules, and, most importantly, to ensure that the disarmament of RUF and CDF combatants in proximate areas took place simultaneously or as close in time as possible.

**Regional approaches**

Another approach is to recognize the impact that CBMs can have at the regional or subregional level. For instance, a confidence-building measure that functions on a subregional level is the 1998 *Moratorium on the importation, exportation and manufacture of light weapons*, adopted by the Economic Community of West African States (ECOWAS). The Moratorium, which grew from an early effort by the United Nations to assist countries in West Africa to combat illicit trafficking in arms, recognized the destabilizing effect the unregulated spread of weapons was having on countries in the subregion. A Code of Conduct for the Implementation of the Moratorium was adopted in December 1999. This Code includes provision for the exchange of information on the procurement of weapons covered by the Moratorium, in an effort to increase transparency. While the implementation of the Moratorium has been affected by ongoing conflict in the subregion, the spirit of building confidence among countries in the region remains.

**Transparency**

Transparency may be one of the best-known confidence-building measures. Both the *United Nations system for the standardized reporting of military expenditures* and the *United Nations Register of Conventional Arms* were developed in recognition of the need to give these opaque areas greater visibility. The importance of both instruments is in large part due to the fact that the information is provided by
governments and is accessible to other states via the United Nations. As the information is part of a public record, it may be used to confirm or indicate trends in military expenditures, in sales, or point out anomalies that can be independently pursued for further analysis.

The United Nations system for the standardized reporting of military expenditures was established through General Assembly resolution 35/142 B in 1980. The standardized reporting form invites aggregate and detailed data on expenditures incurred on personnel, operations and maintenance, procurement and construction, and research and development. An alternative simplified reporting form seeks aggregate data on personnel, operations and procurement. Reporting is based on available data for the latest fiscal year.

Participation by states has grown in recent years. In 2002, 82 national submissions were recorded, while a total of 110 states reported at least once. This is a significant rise from the 1980s and 1990s, when an average of 30 reports were received each year.

The Register of Conventional Arms was established in 1991. States are encouraged to provide data annually on imports and exports of conventional arms in seven categories covered by the Register and to provide available background information regarding their military holdings, procurement through national production and relevant policies. On average, more than 90 countries report annually, capturing the bulk of the global arms trade in the category of weapons covered by the Register, as almost all significant weapons suppliers and their recipients submit reports regularly. The recent decision by the General Assembly broadens the scope of information provided in the Register by expanding the threshold for mortars, including man-portable air defense systems and encouraging voluntary reporting on small arms transfers. The decision will be an important element for strengthening
this transparency mechanism as it tackles respectively, issues that affect conflict in developing regions and terrorists’ threats.

Efforts to increase transparency in the arms trade at the regional level have also progressed in the Americas and across the countries that participate in the Organization for Security and Cooperation in Europe (OSCE). The concept of a subregional arms register which could circulate agreed information among a smaller group of countries has been mooted in West Africa, although with few tangible results. A new effort in the direction of transparency has begun under the auspices of the United Nations Regional Center in Africa — the Small Arms Transparency and Control Regime in Africa (SATCRA). It would encourage those African States concerned by and eager to stem the flow of small arms and light weapons to promote transparency by providing data and information on their manufacture, flows, and stockpiling.

Confidence-building measures at work

In the words of the former Under-Secretary-General for Disarmament Affairs, Jayantha Dhanapala, disarmament has moved from a "dry technical field into a classic cross-cutting issue — a collective good with real benefits." Recent disarmament efforts — especially those often captured by the concept of "practical disarmament" frequently rely on CBMs for their implementation and sustainable effect. These efforts may be framed under the rubric of development, crime prevention or post-conflict peace building. Any such approach has a direct effect on development. A few examples illustrate this point.
Weapons for development

Some of the earliest weapons for development programmes were conducted in Central America in the early 1990s. Subsequently, programmes that link the collection of weapons from communities to development projects have grown, often conducted within the framework of the UN Development Programme. Some of these programmes include:

- The 1992 programme by the Nicaraguan government that ran a country-wide weapons collection programme. Financing for micro-development projects was provided through seed money.

- The “Tools for Arms” programme run by the Christian Council of Mozambique begun in 1992, which still continues. Weapons brought in are exchanged for tools and machinery ranging from axes to sewing machines to ploughs and tractors.

- The weapons for development programme in Gramsh, Albania, took the concept of weapons for development more broadly by identifying projects that would have lasting benefits for communities (rather than individuals). The Gramsh model led to similar approaches in other countries, such as Cambodia and Niger.

Disarmament, demobilization and reintegration (DDR)

The successful implementation of the disarmament phase of DDR programmes is widely being viewed as an important element of building lasting stability in a country emerging from conflict. Given the propensity of countries to lapse into conflict, finding sustainable ways of removing weapons becomes important. In order to achieve effective disarmament as part of DDR programmes, confidence-building measures are often used.
The case of Sierra Leone

Current DDR planning in the Democratic Republic of Congo and Burundi recognize the need to build the confidence of fighting parties in the disarmament process. In addition, the need to recover weapons which may stay outside the formal disarmament process is more widely recognized. Thus, in Sierra Leone, a Community Arms Collection and Destruction Programme was initiated by the Sierra Leone police with the assistance of UNAMSIL, the United Nations peace operation in Sierra Leone, that specifically collected weapons from civilians who were not part of the DDR programme and focused on weapons such as hunting rifles that were excluded from the DDR exercise. This national programme collected approximately 9,600 weapons and 17,000 rounds of ammunitions.10

Subregional cooperation

In Southern Africa, more efforts to support development in the subregion are being made to reduce the availability of small arms and light weapons. Two examples illustrate this point.

Operation Rachel: In 1995, the governments of South Africa and Mozambique agreed to cooperate in locating and destroying arms caches in Mozambique. These caches were identified as providing weapons for criminal use in both countries, thus increasing insecurity and affecting development efforts. Operation Rachel, which is still underway, has collected and destroyed more than 28,000 weapons and four million rounds of ammunition.

Operation Qeto: Within the framework of the Southern African Development Community (SADC), in 2001,
the governments of South Africa and Lesotho collaborated to destroy surplus weapon stocks in Lesotho in the context of an initiative to implement a strategic partnership to assist that country shed its least developed country status within five years. A total of 3,844 weapons and assorted equipment was destroyed in this joint initiative. The clusters for cooperation went far beyond disarmament to include stability, economic, social and good governance issues.

**Conclusion**

A range of confidence-building measures is available and being actively used to promote disarmament and to enhance prospects for development in countries emerging from conflict. Confidence-building measures have been proven effective and innovative ways to use them are being applied.

Support for the *Register of Conventional Arms* and the United Nations system for the standardized reporting of military expenditures needs to be sustained and countries should continue to participate in them, as they are the only international transparency instruments that exist. In addition, other fora for information sharing through such organizations as the Organization of American States, the OSCE and ECOWAS should be actively pursued and recognized for their role in promoting confidence between states.

Confidence-building measures can also be considered in efforts that aim to break the cycle of insecurity and poverty that affects so many countries. For example, weapons collection and destruction programmes when conducted with transparency and openness can assist in reducing insecurity
(both real and perceived) and make development efforts more effective. However, it is important to realize that disarmament can also create instability. Thus, careful planning and assessment of influencing factors need to be carried out before initiating any type of disarmament programme.

Notes


2 Ibid.


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DISARMAMENT AND DEVELOPMENT — AN OVERVIEW

Richard Jolly*

Jolly believes that it is time to re-emphasize the interaction between disarmament and development and the contributions that a different balance of military and development spending could make on actions to diminish or control threats and human insecurities. He suggests that discussions by the Group of Governmental Experts on the relationship between disarmament and development take into consideration (a) the renewed interest in the importance of this issue; (b) former UN contributions in that field; (c) new perspectives of human security; and (d) a leading role for the UN in this new effort by encouraging countries to consider the issues, undertake studies and formulate national and regional plans to help bring measures for human security into being.

This brief introductory note makes four key points which I think should find a prominent place in the discussions of the Group of Governmental Experts on the Relationship between Disarmament and Development¹ and of this seminar:

* Sir Richard Jolly is a development economist. He served as the Principal Coordinator of UNDP’s Human Development Report from 1996 to 2000, as Deputy Executive Director of UNICEF and as Director of the Institute for Development Studies at Sussex University in the United Kingdom. This paper is based on his presentation to the Group of Governmental Experts on Disarmament and Development at the United Nations on 9 March 2004.
1) With military spending rapidly rising again, issues of disarmament and development are of renewed importance and need to be recognized as such.

2) The United Nations has made major contributions to disarmament and development in the past - which need to be rediscovered, particularly the vision of the Thorsson report in the 1980s and Lawrence Klein's work in the 1990s on how the peace dividend became the engine of the longest-lasting expansion in the economic history of the United States and the locomotive of the world economy.

3) New perspectives of human security are providing a fundamental reorientation in thinking about security and these need to be brought into the discussion of disarmament and development. Human security needs to drive the agenda for disarmament and development in the 21st century.

4) The United Nations needs to take the lead in this new effort to provide a perspective with international legitimacy and to ensure approaches sensitive to different regional concerns.

Renewed importance of disarmament and development

At the end of the cold war, global military spending rapidly declined for nearly a decade, from 1988 to 1996-99. But after what now must be seen as a brief interlude, total military spending is rising once again at a fast pace. Issues of disarmament and development therefore need to be put high on the international agenda for several reasons, not only for increased military spending.

World military spending has been increasing for six years with prospects for further increases. It started to climb in 1998, then accelerated sharply in 2002, increasing by six per cent in real terms to almost $US 800 billion. The war in Iraq in 2003 added greatly to this trend. At a meeting of the
Recent increases have been dominated by the rises in United States military spending, which SIPRI estimated accounted for almost three quarters of the global increase until 2002.

UN Disarmament Commission in 2003, Jayantha Dhanapala, the former Under-Secretary-General for Disarmament Affairs, estimated that global military spending would exceed $US 1 trillion in 2003.

This can be compared to total military spending at the peak of the cold war, which according to SIPRI, reached an estimated $US 910 billion about 1988, in US 2000 prices. After this, military spending fell by about a quarter until 1996-1998.

Recent increases have been dominated by the rises in United States military spending, which by SIPRI estimates accounted for almost three quarters of the global increase until 2002. The country’s military budgets for fiscal year 2003 and 2004 apparently do not include the cost of the Iraq war, for which about $US 180 billion seems to have been allocated so far.

While the war on terrorism is a major factor in the increase in United States military spending, SIPRI reports that this has not been the case elsewhere, except for a handful of countries such as Israel and Colombia. Military spending in all countries in Western Europe remained flat. In contrast, in 2003, both the United Kingdom and France announced substantial increases, some linked to the war on terrorism and some, in Britain, to Iraq.

SIPRI reports that China increased military spending by 18 per cent in real terms in 2002 and India by nine per cent, both serving as the main cause of otherwise modest increases in regional spending in East Asia, South Asia and Central and Eastern Europe.

The top five military spenders — United States,
Japan, United Kingdom, France and China — account for 62 per cent of the world total and the top 15 for 82 per cent. Nonetheless, in terms of national resources, many developing countries are still spending a higher share of their national resources than many of the top 15. The United States was probably spending 6 per cent of its GNP on the military in 2003, including on the Iraq war. At least five Middle East countries spent a higher proportion than this in 2001: Oman 12 per cent, Kuwait and Saudi Arabia 11 per cent, Jordan 9 per cent and Israel 8 per cent.

Regionally, there are also big disparities. In 2001, the latest year for which there are comparable data, the Middle East spent 6.3 per cent on the military, Central and Eastern Europe 2.7 per cent, Africa 2.1 per cent and Western Europe 1.9 per cent. At the same time, it must be emphasized that military spending in many countries still seems to be below the 1988 levels. Unfortunately, data is only available until 2001. But this shows that in the 90 countries for which comparable data are available, the share of military spending as a percentage of GDP in 2001 was lower in three quarters of them - 68 countries - than in 1988. Of these 68 countries, 16 out of 24 were low income, 27 of 37 middle income and 25 out of 29 high income countries.

Apart from levels of military spending, there are other reasons to return to the issues of disarmament and development, which include:

1) The nature of insecurity has changed. No longer is most insecurity the traditional insecurity of threats across national borders created by an identifiable enemy state.
Today's threats are increasingly threats to human security, which themselves arise from a variety of causes but have a common impact — making the lives of large numbers of people in many countries less secure and more vulnerable than for many years.

2) The repercussions of terrorist attacks and of war and conflict in Iraq and Afghanistan have been felt in every corner of the world. In one way or another, these events have left the whole world feeling more insecure.

3) At the same time, the rise in military spending and war in Iraq have concentrated attention on military action and diverted attention from non-military actions to tackle insecurity.

It is time to re-emphasize the interaction between disarmament and development and the contributions that a different balance of spending on military and development could make to actions to diminish or control threats and human insecurities.

Disarmament and development – United Nations contributions

Over the years, the United Nations has made many important contributions to analysis and debate on disarmament and development, in sharp contrast to other international agencies and institutions which largely ignored the topic. Our work on the United Nations history project based in City University has shown that from the very beginning, the UN has emphasized the benefits to development of disarmament-measures.

Article 26 of the Charter states:

“In order to promote the establishment and maintenance of international peace and security with the least diversion for armaments of the world’s human and economic resources, the Security Council shall be responsible for
Proposals for actions linking disarmament with development were made in the 1950s and in every subsequent decade.

France, in 1955, made the first proposal within the United Nations for a link between disarmament and development, whereby participating states would agree to reduce their military spending annually by a certain agreed percentage that would increase each year. Reductions would be monitored, following a common definition of military spending and standardized nomenclature for military budget items. The resources released would be paid into an international fund, 25 per cent of which would be allocated to development, the rest left at the disposal of the government concerned.

In the following year, the Soviet Union proposed a variant, further elaborated two years later. The Special United Nations Fund for Economic Development (SUNFED), already under consideration for several years as a key component for international development strategy, should be financed through reductions in military budgets. The military budgets of the Soviet Union, United States, United Kingdom and France were to be cut by 10 to 15 per cent, with part of the savings used for development assistance.

In 1964, the first developing country entered with a proposal. Brazil called for a fund to finance industrial conversion and economic development. This fund would be allocated to not less than 20 per cent of the global value of reductions in military budgets.
Four years later, under the auspices of the United Nations, a panel of 13 eminent personalities including two Nobel Prize winners, issued a joint declaration in 1968, dealing with Disarmament, Development and Security, as a "Triad of Peace."

In 1973, the General Assembly adopted a resolution calling for a 10 per cent one-time reduction in the military budgets of the five permanent members of the Security Council. Under this resolution, 10 per cent of the sum thus saved would be allocated for social and economic development in developing countries. The resolution called on other States to join in.

In 1978, as part of the first Special Session on Disarmament, several proposals were made for a link between disarmament and development. Senegal called for a 5 per cent tax on armaments, with the resources generated paid to the United Nations for use in development. France proposed the establishment of an international disarmament fund for development. Romania proposed that military budgets be first frozen and then gradually reduced. In the first stage, military budgets were to be cut by at least 10 per cent with half the released amounts transferred to the United Nations for development support of countries with per capita income of less than $200 per year.

In 1978 and 1982, the General Assembly held two special sessions devoted to Disarmament and Development and, in 1987, an International Conference on the same theme was convened.  

Over the same period, the United Nations also issued

The United Nations has made many important contributions to analysis and debate on disarmament and development, including proposals for actions linking the two concepts...
a number of reports on disarmament and development. Probably the most important and comprehensive was the pioneering Thorsson Report in 1982 on the relationship between Disarmament and Development.5

The Thorsson study was dismissive of the cautious tone of many of the previous United Nations studies on disarmament and development. Such caution had been excessive, indicating fear and hesitancy about declaring too close a relationship between disarmament and development. In contrast, after a detailed review of much evidence and many studies, the Thorsson Report concluded that its "investigation suggests very strongly that the world can either continue to pursue the arms race with characteristic vigour or move consciously and with deliberate speed toward a more stable and balanced social and economic development. It cannot do both."6

The Thorsson Report summarized evidence for suggesting a strongly negative relationship between arms spending and development:

- In the poorer countries, increases in military spending as a share of GDP are associated with reductions in the rate of economic growth.

- For arms-importing developing countries, the price paid for the equipment represents only an initial cost. Later, there are many other economic and political costs involved in subsequent operations and maintenance.

- Few developing countries have succeeded in establishing a truly indigenous military sector. For the majority of developing countries, ambitious programmes of arms-production are likely to over-burden their industrial and man-
power base and the almost inevitable dependence on imported technology largely negates the self-reliance usually presented as the critical reason for the domestic manufacture of arms.\(^7\)

The Thorsson report drew on the work of Vassily Leontief, the Nobel Prize winning economist, who prepared one of the background papers which was used to outline alternative scenarios of the global economy until the year 2000: a baseline scenario which assumed continuation of the share of military outlays in GNPs; an accelerated arms race which envisaged a doubling of the share of military outlays in GNP by the year 2000; and a "disarmament scenario" under which military spending of the United States and Soviet Union would fall by one third by 1990 and by a further third over the 1990s. For all the other regions, military expenditures would decline by a quarter by 1990 and by a further fifth over the 1990s. The study concluded that even modest disarmament released resources could make a significant contribution to global economic prospects.\(^8\)

This study was presented in 1982, a year before President Reagan would speak of "the aggressive impulses of an evil empire"\(^9\) and seven years before the fall of the Berlin Wall. Though considered wildly optimistic and visionary at the time, the United Nations disarmament scenario with its associated projections, emerged as nearer the actual situation in 2000 than the other two projections.

In any event, however, the reductions in military expenditures from 1987 to 1996-1998 were to have different consequences from those envisaged, either in the Thorsson study or in most of the other prospective analyses of the peace dividend. The focus of most of the United
Nations studies and of most proposals for a peace dividend had been on the assumption that reductions in military spending would lead to reallocations of this spending into non-military, "peaceful uses."

What occurred in the United States and in many other countries over the 1990s was a reduction of military spending combined with parallel reductions in government spending. This led many to believe that there was no peace dividend. The analysis by Professor Lawrence Klein, another Nobel Laureate economist who has often contributed to the United Nations' work in this area, suggests otherwise. Far from accepting the popular view that there has been no peace dividend, Klein has argued that the reductions in United States military spending resulted in major reductions in that country's government deficit and in interest rates over the 1990s. These reductions, according to Klein's interpretation, were major forces behind the United States expansion of the 1990s, helping to make it the longest-lasting expansion in its history.¹⁰ This expansion in turn has had a positive impact on the global economy - making the United States "the locomotive of the world economy," with actual and potential benefits to the poorest and lowest income countries. This overall argument in favor of the positive effects of reductions in military expansion is not negated by the fact that the benefits to the poorest and lowest income countries were often offset by the stop-go policies of the Bretton Woods Institutions and by the disruptive effects of local conflicts encouraged by the arms trade.
Priorities for today

As the context has changed, so also must the priorities. Today, disarmament and development needs a new approach, related to the new and changing threats to security, to the new range of causes and to the global context in which there is one super-power. There is also a need to build on recent intellectual developments within and outside the United Nations. These relate to new concepts of human security, set out in UNDP's Human Development Report of 1994, in various documents espousing policies of human security prepared by the governments of Canada, Japan and Norway, and last year’s report of the Commission on Human Security entitled "Human Security Now — protecting and empowering people".

A new approach would involve some new elements and new priorities:

**Human Security should set the frame**

Human security would put the main focus on the security of people's lives, human well-being and welfare. It would shift attention to the security of individuals and communities and away from the security of territory or nations. It would also emphasize the security of people everywhere - in their homes, their jobs, their streets, their communities and in the environment. Above all, it would give priority to action to improve security through economic, social and institutional development, much less than through arms and military action.

Broadening the concept of security in this way raises basic questions about the level of military spending in relation to the diversity of threats faced by a country's entire population. Perhaps more important, it stimulates questions about
under-spending on actions outside the military which might be more effective than the military in tackling the other causes of human insecurity. These would include spending on the police force, judges and courts, community action, health services, and a broad range of social and economic measures to tackle unemployment and environmental deterioration.

This broader view of security would also focus on a broader range of threats. The threat of terrorism needs little emphasis, except to underline the important point that perceptions of what are the most important terrorist threats vary enormously by where in the world one lives and by the political or social group one belongs to. Location also greatly influences the relative importance of different types of threats to human security.

For most people in developing countries, the largest threats to human security come from urban crime, drug and organized crime wars, small arms and landmines and violence stirred by racial, cultural or religious intolerance. Gender violence affects many women in both developing and developed countries. There are threats to human security from HIV/AIDS, tuberculosis or malaria, and environmental threats from floods and drought, earthquakes or typhoons as well as man-made causes of environmental deterioration. The list can be long and wide. One of the real challenges is to define a core of threats to human security in order to make the concept operational.

The most important reason for setting human security as the frame is to present a full range of choices in deciding how to allocate resources. Diagram 1 presents the relationship between national security and expenditure on the
military, as originally set out in a lecture by Robert McNamara, former United States Secretary of Defense. McNamara's point was that at the time of writing, in 1977, the United States had already reached the horizontal part of the curve, where additional expenditure on the military brought little, if any, increase in security. He argued the case for more spending on development, as a much more cost effective way for the country to achieve greater security. The diagram also presents the issues for most other countries. How much should be spent on military means to security compared to non-military measures?

Security and arms expenditure

Diagram 1

A frame of human security would make such choices explicit. Each country needs to explore the balance of expenditures to prevent or control the leading threats to its security, short-run or long-run, across the core of various causes of human insecurity. Such analysis is not easy, but neither are decisions on military budgets. And at least in focusing on the core causes of human insecurity, a broader range of concerns and measures is brought into the analysis. For most countries, this will reveal a gross imbalance in spending for security, over-spending on military actions, under-spending on other measures for prevention and control of threats to human security. Mediation and negotiation are vital steps to prevention and control of dissident and marginalized groups, steps to
understanding as well as steps to building bridges of reconciliation and inclusion. The lessons of how to reach out to nationalist leaders following the end of colonialism may still have relevance for how to end divisions in the world today.

**Country level actions**

The key point for country level action is to begin with a national assessment of the threats to human security. The 1994 Human Development Report — and the later report of 1999 — set out many of the possible threats and many of the actions required in response. The fact that military spending in many countries is well below the levels of a decade ago is an important advantage and a reminder that new measures to tackle insecurity may well involve non-military actions and expenditures.

The Commission on Human Security\(^{12}\) defined human security as "protecting the vital core of all human lives in ways that enhance human freedoms and human fulfillment", thereby drawing closely on Amartya Sen’s concept of human development and promoted in the Human Development Report. The Commission identified several key areas of action:\(^{13}\)

- Protecting people in violent conflict
- Actions to control small arms and to protect people from proliferation of such arms
- Supporting the security of people on the move, fleeing from violence and other threats
The protection of people in post conflict situations

Actions to overcome economic insecurity, especially to benefit and empower those in extreme poverty and to improve minimum living standards, and

Universal basic education and access to basic health care.

As the Commission recognized, there is great complementarity between these actions and those of the Millennium Development Goals, as should be expected. Measures of disarmament and development can contribute to both. And international action has an important part to play in support of national efforts and should be brought into the Poverty Reduction Support Papers (PRSPs) in a way which has scarcely been done to date.

Support for re-establishing the infrastructure of the police, law and the administration for development is a critical priority in post-conflict situations, as the recent report on Economic Priorities for Peace Implementation has made clear. Rebuilding institutions and ensuring pay and employment for staff in the public sector are key priorities for re-establishing human security in the difficult situation of failed states. To support this is both a priority for human security within countries and an example of the international benefits which can follow when such actions succeed.

United Nations and international action

Human security raises new issues and new interactions between countries. For this reason, the United Nations itself needs to play a leading role in encouraging countries to consider the issues, undertake studies and to formulate national and regional plans to help bring measures for human secu-
There are several reasons why the United Nations needs to take the lead. First, the United Nations has legitimacy and the capacity to present issues from the viewpoint of developing countries, not only the developed ones. Second, though individual countries can and should pursue actions towards human security, the big gains will take place when countries pursue them together, globally, regionally or even subregionally.

In economic language, there are externalities to be either gained or lost. For instance, measures can be put in place to improve human security through arms control, strengthening police and security services, tackling drug smuggling, urban crime, gender violence, as well as broader measures to control and prevent diseases and environmental deterioration and actions to counter cultural and religious prejudice. The United Nations, especially UNESCO, has from the beginning encouraged education to ensure that all children are raised with a sense of tolerance and understanding of people from other cultures, nationalities and ethnic groups. The importance of this today should not be underestimated.

There is also technical work to be done. Statistics are needed which show not only spending on the military in relation to health and education but military spending in relation to a wider range of expenditures on other forms of control and prevention in the area of human security: spending on the police, on law enforcement, on security, on crime and drug control. The United Nations could make a major contribution if it commissioned a small expert group to
prepare the methodology and data on such matters, focusing on long run trends as well as on the facts and figures for recent years and on developing techniques to focus on and measure action to deal with a core of human insecurities.

The United Nations should lead with boldness, notwithstanding a degree of skepticism which may be forthcoming from some governments and some commentators. The United Nations needs to recall that when it organized the special sessions on disarmament and development in 1978 and 1982, military spending was still rising and there was widespread skepticism about any prospects for reduction. Yet within a decade, military spending had peaked and over the 8 to 10 years which followed, major reductions in military spending took place in both developed and developing countries. This is the vision of hope for the future which needs to empower those who now call for human security.

Notes

1 Pursuant to General Assembly resolution 57/65 of 22 November 2002, the Secretary-General established the Group of Governmental Experts to undertake a reappraisal of the relationship between disarmament and development in the current international context as well as the future role of the Organization in this connection, and to present a report with recommendations to the General Assembly at its 59th session.

2 As their historians noted, the World Bank and International Monetary Fund treated arms reduction as "sensitive and political and only felt able to deal explicitly with the topic after the end of the cold war." See Kapur, D. et al. 1997. “The World Bank: Its First Half Century”, (Washington: Brookings Institution):


7 Ibid.

8 Ibid.


10 Klein has put these arguments in several places. A good summary can be found in the Oral History interview of Lawrence R. Klein, (4 January 2002) in the Oral History Collection of the United Nations Intellectual History Project, The Graduate Center, The City University of New York. Klein has used the LINK model, which he originated, to make estimates of the orders of magnitude of the beneficial peace dividend impacts in developing countries. Joseph E. Stiglitz, “The Roaring Nineties: a new history of the world's most prosperous decade,” (New York, Norton, 2003), 35 et seq makes the same point about the positive effects of reduced United States military spending on US interest rates and subsequently on its deficit and the costs of servicing its debt.

11 A summary of the Canadian position will be found in

12 The Commission on Human Security was established in January 2001 through the initiative of the Government of Japan and in response to the UN Secretary-General’s call at the 2000 Millennium Summit for a world “free of want” and “free of fear.” The Commission consisted of twelve prominent international figures, including Mrs. Sadako Ogata (former UN High Commissioner for Refugees) and Professor Amartya Sen (1998 Nobel Economics Prize Laureate). The Commission on Human Security concluded its activities on 31 May 2003. Since then, the Advisory Board on Human Security has succeeded its operations to promote, disseminate and followup on the Commission’s recommendations. For more information see www.humansecurity-chs.org [27 October 2004].


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Richard Jolly
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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>CBMs</td>
<td>confidence-building measures</td>
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<td>CDF</td>
<td>Civil Defense Force</td>
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<td>DDR</td>
<td>disarmament, demobilization and reintegration</td>
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<td>ECOWAS</td>
<td>Economic Community of West African States</td>
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<tr>
<td>GDP</td>
<td>Gross domestic product</td>
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<td>GNP</td>
<td>Gross national product</td>
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<td>HDI</td>
<td>Human Development Rankings</td>
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<tr>
<td>NGO</td>
<td>non-governmental organization</td>
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<td>OSCE</td>
<td>Organization for Security and Cooperation in Europe</td>
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<td>RUF</td>
<td>Revolutionary United Front</td>
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<td>SADC</td>
<td>Southern African Development Community</td>
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<td>SATCRA</td>
<td>Small Arms Transparency and Control Regime in Africa</td>
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<td>SIPRI</td>
<td>Stockholm International Peace Research Institute</td>
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<td>SSOD I</td>
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