

BEST WEAPONS TO COMBAT A MILITARY ECONOMY

The usefulness of investment in military production is increasingly in doubt – so what are the alternatives?

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IT IS DIFFICULT TO GAUGE PRECISELY the influence of the armaments industry on Canadian economic development. This is not because of a lack of information. Indeed, as far as the manufacture of arms is concerned the Canadian economy is one of the most open in the world. In 1988 the total value of arms production in Canada came to more than \$8 billion, and it is conceivable that production for export to world markets and for use at home could amount to between \$100 and \$120 billion over the next decade. This is not a sum to be sneezed at, and it is hard to imagine that such a windfall would not be of benefit to the economy.

Nonetheless, doubts are being expressed by various experts as to whether military investment is really beneficial. They argue that the cost of development is too high, the rate of productivity from the investments too low, and the spin-offs in industrial benefits increasingly marginal. The manufacture of arms is also seen as a major waste of resources. Add to this frequent and highly critical analyses of Canada's dependence on the US military-industrial complex and the unfortunate effects on regional development and industrial modernization, and the picture that emerges is much darker than one might expect.

Nevertheless, the Canadian trend towards continentalism, not only as far as the physical defence of the country is concerned but also in weapons procurement policy, seems to favour an industrial strategy geared towards the defence sector. It is likely that in the long term the Canadian government will adjust its economic policy to fit that of the United States,

where the defence sector is a key element in industrial strategy. We should be concerned about Canada's defence industrial base, not only because it has an impact on collective defence and national sovereignty – as the 1987 White Paper on Defence pointed out – but also because of its increasing influence on economic development. On this question, Canada has some important choices to make.

IT IS, THEREFORE, WORTH STUDYING in some detail the various strategies whose aim is to reduce military expenditures. Criticism of military expenditure in general, and of the development of nuclear weapons in particular, tends to gravitate towards three separate endeavours: the reduction of the national defence budgets, the creation of nuclear weapon-free zones (NWFZs) and the conversion of the armaments industry to civilian production. Although proposals concerning these separate issues usually give rise to complementary actions, proponents are sometimes at odds over the question of whether the focus of their efforts should be on the local rather than the national level.

Initially, those who promoted such actions were responding to moral and political imperatives. Recently, however, there has been more and more criticism of the sheer cost of defence to national economies. In the United States and elsewhere municipal authorities are becoming particularly severe in attacking the priority accorded defence in national budgets. For example, the United States Conference of Mayors, at its annual meeting in June 1987,

was preoccupied with cuts of more than US\$60 billion in federal funds for health, housing and education, and decided to commission a study of the social and economic effects of a reduction in the US defence budget.

The report – prepared by Employment Research Associates, independent consultants in Lansing, Michigan – was released in October 1988. It tried to estimate the effect of transferring \$30 billion a year for five years (\$150 billion from 1986 to 1990 or eleven percent of the defence budget) from defence purposes to various municipal programmes dealing with health, education, social services, employment, public transport, housing and community development.

The study came to the conclusion that this transfer would have a positive effect on the US economy. The Gross National Product would increase by \$3.5 billion per year; 197,500 new jobs would be created over the five-year period; total personal disposable income would increase by \$2.2 billion per year and revived investment in the construction industry (residential and non-residential) would amount to \$550 million per year. The additional \$30 billion which the municipalities would receive each year would enable them to hire 195,000 additional teachers; to spend an additional \$2.2 billion on infrastructure for public transport; to build 900,000 low-rental housing units; to treat 6.5 million people in community clinics; to immunize every child; and to provide an additional \$606 million for school equipment each year. All this, in the opinion of the

authors of the report, would greatly improve the quality of urban life in the United States.

In addition to emphasizing the economic advantages which would result from a such a cut in defence expenditures, this sort of approach has the additional advantage of dealing with the issue in a comprehensive way. Since defence policy is at the heart of the problem, supporters of this strategy would assert, it is the policy which must be modified. Other issues such as the need for conversion, the dangers associated with nuclear weapons, and the lack of money to meet peoples' socio-economic needs would automatically be resolved once the government changed its priorities. The defence industry would have to adapt, with or without governmental assistance.

It is far from certain, however, that the changeover from defence to civilian production could take place smoothly. Those who suggest that the transition should be the responsibility of the state overestimate the capacity of a government, whether in Canada or elsewhere, to draw up a national plan for industrial redeployment acceptable to the major participants in the economy.

DEMANDS FOR THE ESTABLISHMENT of nuclear weapon-free zones (NWFZs) and for industrial conversion are easily brought forward at the national level. In Canada, Project Ploughshares has been lobbying the federal government to enact a series of laws which would result in the whole country becoming a nuclear weapon-free zone. In the US, members of Congress have brought forward similar proposals in the hope of