

transferred between states, but also national holdings and procurement (discussed in the companion report to this report).

The final mixed measure, *linkage to economic development*, would connect restraint in conventional arms acquisitions to access to the international financial system, by tying restraint on the part of Southern states to development assistance, World Bank lending, credits from the International Monetary Fund, or other multilateral financial instruments for development. This general idea has received great attention since 1989, when the managing director of the IMF and the president of the World Bank began speaking out on the seemingly excessive resources devoted to spending on the military and security in many parts of the developing world.⁵⁶ Individual donor and lender states (in particular Japan, Germany, the Nordic countries and Canada) have also stated that their overseas development assistance programs will consider military spending and security policies in their decisions.

The relationship between such measures and constraining conventional proliferation can only be indirect, since there is no easy mechanism for assessing comparatively the impact of armaments spending on economic development and security. The indirect linkage between development assistance and armaments acquisitions is strong, however. Overall global levels of arms imports track very closely the pattern of global military spending, suggesting (not surprisingly) that arms acquisitions and imports are determined within overall policies concerning defence spending. In so far as military spending can be reduced through such pressures, arms acquisitions will likely decline.

Measures to link economic development programs to reductions in military spending must be approached with caution, since the separation of security and development issues has hitherto been sacrosanct for good reasons. In particular, it is still the case that the most important influence on military spending levels in one state is the level of military spending in neighbouring countries, suggesting that the classic "security dilemma" is still the major motivation behind excessive weapons build-ups. Hence initiatives that target individual states could exacerbate rather than ameliorate conflicts, and could certainly tread on the sovereign prerogatives of states. Likewise, such measures are discriminatory if they exclude states that do not suffer financial constraints that require them to turn to the international community (ie: resource-rich states), if they affect only those states that cannot produce their own weapons (allowing producers to arm themselves with impunity), or if they

⁵⁶ See Nicole Ball, "Development Assistance and Military Reform," *International Security Digest*, 1:2 (1993), 3; Nicole Ball, *Pressing for Peace: Can Aid Induce Reform?*, policy essay no. 6 (Washington: Overseas Development Council, 1992); Robert Miller, ed., *Aid as Peacemaker: Canadian Development Assistance and Third World Conflict* (Ottawa: Carleton University Press, 1992).