

With each subsequent improvement in the political climate there has been talk from various quarters of even deeper cuts, perhaps through a second round of conventional force negotiations, or conceivably even on a unilateral basis. The rapid evolution of the Eastern European situation now suggests that the Warsaw Pact would no longer provide a cohesive framework for full-scale offensive military action even though most of the very powerful Soviet forces are still in place.

On the NATO side, considerable effort has been expended to maintain a cohesive posture for negotiations but there is general political pressure on governments to achieve cuts in military spending as quickly as possible, and there are differences as to how fast the West can safely move. Mrs. Thatcher's government, for example, has been one of the most skeptical about Soviet military reductions, and expressed concern about Washington's announcement of defence budget cuts in the late autumn.

Quite apart from these shifting calculations of the possible needs for military defence in Europe, we will now quickly begin to see differences based on the relative ability of governments to make the economic and labour force adjustments that will come from reductions in military budgets. These expenditures have been a very important part of national economies and reductions will have far-reaching impacts. There is a real danger (even though there is a widespread conviction that military reductions will be of long-term economic benefit) that fear over such disruptions will begin to be a drag on arms reduction measures that would otherwise be possible in the current climate. The problem will be most serious for the Soviet Union and its allies, given their heavier economic and manpower commitments to the military and their already grave problems of economic vitality and adaptability. The Soviets have begun to take special measures to respond, including the setting-up of a National Commission for the Advancement of Conversion, made up of officials, industrial leaders, academics and military officers.

While there has long been discussion about conversion in various circles, in the absence of any serious prospect of arms reduction, they were not taken very seriously. Those hopes (and fears) are now a reality and conversion has become a serious policy issue for all governments. Even Canada, with its relatively small commitment to military expenditure, will feel the impact of any reductions. The severe problems arising from the military base closures in the last budget show how the local and sectoral impact can be particularly pronounced. There is now a serious question, with both technical and