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NOTES FOR AN ADDRESS BY
THE SECRETARY OF STATE
FOR EXTERNAL AFFAIRS OF CANADA,
DR. MARK MACGUIGAN,
TO PARLIAMENTARIANS FOR
WORLD ORDER,
NEW YORK,
SEPTEMBER 23, 1980

"DISARMAMENT AND DEVELOPMENT"

Those of you who follow closely the affairs of the United Nations know that for almost a decade increasing attention has been directed to the search for mechanisms to narrow the economic gap between developed and developing countries -- the so-called North-South dialogue. Inevitably, this process will eventually require the diversion of a significant proportion of the world's resources to those nations most in need of economic development. Today, it is generally conceded that this task is of paramount importance. Indeed, there are those who argue that it is more than simply desirable; they feel it is vital if the international economic order is not to fall into stagnation and chaos.

Efforts to achieve a more just economic order must consist of a number of initiatives, many of which have been discussed intensively for some time. In general, they are most aptly and comprehensively considered in the report of the Brandt Commission. Today, I wish to discuss one of those initiatives -- one which is rooted in the relationship between development and disarmament.

Development and disarmament have been linked, particularly by the developing nations, for obvious reasons -- reasons which the Brandt Report elaborated at some length. I quote in part:

"The armaments of the superpowers and their alliances represent a precarious kind of balance which, given present political

conditions, contributes to preserving world peace. At the same time they represent a continuing threat of nuclear annihilation and a huge waste of resources which should be deployed for peaceful development. The build-up of arms in large parts of the Third World itself causes growing instability and undermines development. A new understanding of defence and security policies is indispensable. Public opinion must be better informed -- of the burden and waste of the arms race, of the damage it does to our economies, and of the greater importance of other measures which it deprives of resources. More arms do not make mankind safer, only poorer."

To put the argument another way: if even a small fraction of the more than \$500 billions spent annually on military purposes were to be added to the \$20 billions now spent on aid, the possibility of making much faster progress on solving development problems would be greatly enhanced.

We must keep in mind, however, that if we speak of development and disarmament only in relation to each other we ignore a number of important and even overriding factors. For example, our analysis will be incomplete -- perhaps worthless -- if we consider disarmament without taking account of the concept of security, of which disarmament is a part. This results from the fact that for the two military alliances in the developed world, security rests chiefly on a system of deterrence, the essential component of which is a stable balance of forces. Thus, mutual

deterrence has been the main element throughout the past 35 years in preventing a war in which the most powerful weapons ever available would be used. This form of security is clearly not ideal, since it carries with it the risk of mutual annihilation. Real security will be achieved only when there is a disarmament which has international agreement and is verifiable.

At the present time, however, our world is so far from that goal that we have to define our immediate disarmament objective as the pursuit of undiminished security at lower levels of armaments, both in terms of destructive capability and cost. We believe that this is a disarmament objective which takes account of both the economic aspect of the arms race and the essential concept of security. It is also an objective on which the developed and developing countries should be able to agree. It is understandable that the developing countries prefer to look at armaments expenditures by developed countries and to emphasize the economic motivation for disarmament. But I believe that the disarmament objective we have chosen makes it possible to discuss development and disarmament in a more realistic context.

Canada sees advantages in highlighting the economic costs of a continuing arms race and, conversely, the benefits of some degree of disarmament -- and for that reason we have provided material support for a study in depth of this subject

by the United Nations. We think it is valuable to focus attention on the volume of the world's resources devoted to military purposes, as well as to study such questions, for example, as the likely effects on the economies of developed countries if significant reductions were made in military expenditures. I also believe that because the Third World countries adhere to the notion of a close relationship between development and disarmament, we should also examine the level of military spending in those countries.

Annual global military expenditures are now estimated to be \$500 billions. This is equal to more than one billion dollars a day or, if you wish, almost a million dollars a minute. Since World War Two, the direct costs of the arms race have exceeded six trillion dollars, almost as much as the Gross National Product of the entire world in 1975. Six countries -- the Soviet Union, the United States, China, France, the United Kingdom and the Federal Republic of Germany -- account for about 72 percent of world military spending, about 96 percent of all research and development for military purposes, 90 percent of all military exports and 95 percent of exports of major weapons to developing countries.

As for developing countries, they have about 50 percent of the world's population and account for only about 14 percent of the world's military expenditures, with China accounting for more than two-thirds of this. But while they appear small in the global context, the arms budgets of

developing countries loom much larger when compared to their limited resources and their urgent social and economic needs. Unfortunately, the growth rate of these expenditures is running ahead of average world rates, and their share has risen from six percent ten years ago to fourteen percent today.

But it would be misleading to assume that all developing countries have increased military spending at the same rate. In South America, for example, the rate of increase was lower in the five years prior to 1978 than in the five preceding years. In addition, a large part of the overall increase among less developed countries is accounted for among Middle East countries, whose average annual growth in military spending has been 13.5 percent in each of the last 10 years, compared to a NATO average expenditure growth of less than three percent. Although increased spending in the Middle East has been due in large part to the tensions there, it is generally true that the higher the income of developing countries, the more rapid the increase in military spending. For example, the military expenditures of OPEC countries increased at an average of 15 percent annually over the past 10 years. Among non-oil-producing developing countries, it increased at a rate of 7.5 percent among those with higher incomes and at only 3.5 percent among those with lower incomes.

But the burden of military spending is most effectively measured as a percentage of Gross National Product. In this respect, the Middle East far surpasses other regions of the world. The defence budgets of 11 countries of that region absorb 17 percent of their G.N.P. Egypt's burden, for example, was more than 25 percent of its G.N.P. in the mid seventies; NATO, Warsaw Pact countries and most of the Far Eastern countries average around four percent of G.N.P., while 32 African countries average 2.5 percent.

When considering military expenditures, we should keep in mind that 80 percent of all spending is on conventional armaments. While we cannot minimize the nuclear threat, we have to remember that conventional weapons have been used to kill 25 million people in 133 wars since the end of World War Two. For this reason, Canada holds the view that disarmament efforts must not be directed solely to the nuclear threat.

The question of reducing conventional arms sales is an important aspect of disarmament. About two-thirds of the \$20 billions of arms sold each year are purchased by developing countries. In this regard, Canada has supported the establishment of a United Nations arms transfer register. We have done so not to deny developing countries the right

to provide for their security, as some have alleged, but because we believe it would be a useful confidence-building measure, especially among arms importers in the same region, and because it could eventually lead to a reduction of this burden on developing countries, thereby providing more resources for development. Unfortunately, this proposal has not progressed, chiefly because of resistance from most arms-importing developing countries, from the East Bloc and even from some Western arms-exporting countries.

Although the proportion of G.N.P. spent for military purposes in developed countries is only about four percent, a significant number of companies in these countries depend on military expenditure for their existence. Over the years it has been argued that military spending is good for the economies of developed countries, especially, for example, in the realm of high technology. In fact, in recent years a much larger volume of high technology development has resulted from non-military research and development than was previously the case. During the sixties, also, a number of studies concluded that although problems would ensue for certain industries should military spending be reduced significantly, these difficulties would not be insoluble.

In the light of these factors, the United Nations in 1978 directed that an expert group undertake a study on the relationship between disarmament and development or, more explicitly, to determine how disarmament can contribute

to the establishment of the new international economic order. Among other things, the study will investigate measures to minimize transitional difficulties which may arise in moving from military to non-military industrial production. It will examine, for example, advance planning for changeovers, phased withdrawal from military production, worker retraining on relocation, identification of new markets and such policy options as tax concessions, subsidies and compensation. Should the results of the study reassure those whose employment now depends on military production, they can help in lessening the resistance to disarmament which inherently accompanies such employment.

Canada is contributing to this massive study in a number of ways. The Department of External Affairs has funded two studies dealing with the impact of Canadian and American military expenditures and the impact of disarmament on the Canadian economy. At the time when the comprehensive U.N. study is completed and made public in September of 1981, the Government of Canada will publish a version of it designed for popular reading by the public, again in an effort to heighten public awareness of the issues and lessen anxieties about the effects of disarmament.

Canada's commitment to advancing the disarmament process is exemplified in a number of other steps which have been taken. One is our recent appointment of Mr. Arthur

Menzies, formerly our Ambassador to the People's Republic of China, to be our Ambassador-at-Large for Disarmament. We are also gratified that a distinguished Canadian diplomat, Mr. Robert Ford, has been asked to join the Palme Commission on disarmament and security issues. This is an independent group of eminent persons which will study and report on the problems of disarmament.

Before closing, I want to touch on one other aspect of military conflict which impinges directly on many developing countries. This is the tragic phenomenon of millions of refugees who have flooded into developing countries in recent years in the aftermath of armed conflicts. In almost every case, the nations which have had to bear the burden of these massive population movements have been developing countries -- countries whose precarious economies are marginal at best and who can ill afford the burden of providing for additional populations. It is presently estimated that about 10 million people today are refugees. And the number has been growing at an estimated rate of 3,000 persons per day over the past three years.

This phenomenon is demonstrated dramatically in the horn of Africa, in Pakistan and in Southeast Asia. As one example, in Somalia at the present time there are approximately 800,000 refugees living in camps and a similar number living outside camps. We are told that the situation is getting worse. Although some international food aid has

been forthcoming, nevertheless the Somali government has had to advance substantial resources out of its own food stocks to cover the deficit. For Somalia, one of the world's 25 poorest countries, this has meant an expenditure of more than \$40 millions in food aid -- a siphoning off of scarce capital and manpower resources which, in other circumstances would have been allocated to development.

In conclusion, I want to say something about the role we can play as parliamentarians in pressing for recognition of these pressing realities in our world today. The problems of disarmament have been with us for several decades; the shape of the new economic order has emerged more recently. But recognition of our difficulties has not necessarily brought us closer to resolving them. And for many, this failure brings the risk of discouragement, despair and cynicism. In the final analysis, that may be the greatest impediment to breaking down the barriers to effective action.

As legislators, we can play a catalytic role in persisting in our quest for a more just and secure world. As politicians, too, we can provide a much-needed leadership in sensitizing the people we represent to the need for perseverance in changing the old patterns, in building new perceptions of humanity in an interdependent world. We must reject the notion that it is naive to pursue disarmament in a world whose existence is threatened by the armaments of

two superpowers. Likewise, we must help our people to understand that it is imperative to work towards closing the economic gap that separates the world into the very rich and the very poor.

A few weeks ago at the Special Session of the General Assembly on North-South issues, I pledged to lead a campaign in Canada to sensitize the Canadian people to the need for adopting new approaches to aid and development. I did so because I believe that initiatives of this kind can go far to move the parliamentary process to deal with the broad new difficulties that have resulted from change on many fronts in the world. I suggest that others can make the same kind of commitment in their own countries. And I hope that through actions of this kind the barriers to fruitful negotiation can be broken by the understanding and humanity demonstrated not only by those in high councils, but by the moral force of ordinary people throughout the world.

Finally, we must directly face the relationship between disarmament and development. While disarmament would clearly free resources for development, without more it would not guarantee that they would be utilized for that purpose, I want to suggest to you the idea of a process of disarmament for development, which could become a major initiative of Parliamentarians for World Order. Your initiative could include development of a formula for redeploying resources

now invested in armaments which would earmark a specific percentage of the diverted funds to official development assistance. Within a context of global disarmament, such a proposal might find support.

In making a similar suggestion three years ago, Olaf Palme said: "If two trends which threaten peace can be transformed into one process that would enhance the possibilities of peace, why should we not do our utmost to attain this change of direction?"

Parliamentarians for World Order could be the agent for change in bringing about this new direction. I wish you well in your deliberations.