

Disarmament and Globalization:

How can international and regional conventional arms regulations efforts help in achieving stability and security?

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Introductory Remarks by Alyson JK Bailes, University of Iceland

(Thanks to hosts, partners and guests)

I would like to add a few words on the broader economic background to our topic today and on some specific sub-issues having to do with the business world, but please be warned that I do so as a complete non-economist!

Disarmament and development was a hot topic during the Cold War but at that time, the tendency of well-meaning Western policy makers was to urge developing countries to disarm as much as possible, regardless (of course) of what they were doing at that time themselves. Aid was sometimes even made conditional on the poorer countries keeping their military spending below a fixed proportion of the state budget or of GDP. This did not work well because any country in the world has to tailor its defence spending to its actual defence threats and defence tasks and if these factors drove a developing country towards higher spending, its usual solution was to hide it - which meant confusion and lack of transparency within its own political system as well.

Today the policy trend is towards a more sophisticated approach that tries to avoid double standards by asking – and helping – developing countries to design their defence structures and spending along rational, transparent and democratically accountable lines so that the correct method (which should in principle be the same for any country) becomes more important than any fixed percentage result. Even in countries emerging from conflict, Western institutions are now less often insisting just on disarmament and demobilization but also advising on the building up of new, effective, defence and security establishments in the name of Security Sector Reform (SSR). There are good political and strategic reasons for encouraging a recovering country to take an interest in external peacekeeping, which of course can demand quite sizeable resources and modernization programmes.

We will be hearing much more on those topics later but I'd like to highlight my own concern that such constructive defence efforts in a poor or conflict-traumatized partner country can have contradictory results if it isn't recognized that a good defence policy also includes *permanent* efforts for military self-restraint, arms control and disarmament. Nowhere in the world can we build a strong national defence in a vacuum without considering the effect on neighbours and local balances. Dan Plesch will talk in a moment about one way of approaching that aspect through what might be called regional arms control and confidence building clubs. But even if the neighbours weren't worried, it's important also to look at other possible influences that may run against the goals of national stability and good governance such as excessive flows of military assistance, excessive security assistance in the name of anti-terrorism, and major armament gifts or sales into a partner country, as well as the well-known problem of small arms. We also need to consider excessive arms provision and arms use for purposes of internal security, where the risks of oppression and of enforced, eventually counter-productive security solutions are clear. Brian Wood and other expert speakers today will

touch on much of that, but I also want to come back later to the question of *defence export and transit control* policies within developing regions.

For now let's consider some facts, drawn from the just published SIPRI yearbook, on how defence costs are actually evolving in the developing world. In ten years since 1998, military spending in Africa has increased by 51% *in real terms*, slightly faster in the Northern region despite the fact that that is not where the conflicts have been. Spending in South Asia has risen by 57%, in Oceania by 45%, in the Middle East by 62% and in South America by 38%. China, India and Brazil are all in the top fifteen military spenders worldwide and India has three of the world's 100 biggest defence exporting companies – China would surely have far more if we knew all the facts. To take Africa in more detail, some of the rise has relatively benign explanations like military reform and greater peacekeeping efforts, but in other cases spending seems related to actual or potential conflicts, ambitions for regional leadership and – significantly – the disposal of new oil wealth, which also explains some current steep rises among Latin American, Middle Eastern and post-Soviet countries.

I really don't want to fall into double standards by criticizing this in some simplistic way when – as we all know – the single biggest cause of military expenditure inflation worldwide has been US spending, and even European spending has curved back upwards since the turn of the century. But another set of SIPRI figures about how countries prioritize the various aspects of their public spending are thought-provoking. On average, the world's rich countries spend three times as much on health as they do on defence and nearly three times as much on education. The world's low-income countries spend slightly less on health than on defence – an average of 2.1% of GDP against 2.5% - and only 50% more on education than on defence. Those last proportions have been improving since 1999 but only slowly. The final part of this equation is to note that citizen of poor countries are not only much more likely to die from conflict violence than citizens of rich ones but also many times more likely to die of disease, hunger and other effects of poverty than they are to die by violence. What that adds up to is that the effect of defence spending in squeezing out other expenditure important for saving life and the quality of life becomes much more serious, the poorer a country gets. Of course much the same problem arises when rich countries make primarily military inputs into poor ones, pouring more effort into military operations than development aid and often neglecting the economic and developmental sides of the picture even when carrying out well meaning post-conflict missions.

Those are hardly new problems, but today we must wake up to what is happening on food and energy prices and realize that they not only greatly aggravate the riddle of proper resource use for all developing countries, but have the potential to combine with defence in a vicious circle. If a country is earning more oil money and profitably exporting food it is almost always tempted to put some of its gains into military equipment. If it lacks energy and food and fears that it might have to fight to protect what it has and to get more, it will be driven to greater defence efforts even while it can afford them less. If it is relatively prosperous but fears it might be swamped by climate refugees and famine refugees, it will probably invest more at least in the control and protection of its borders. All this hardly helps the chances of the world handling the increased shortage of and competition over vital resources in a peaceful, cooperative, just and lawful way. There are also some vicious sub-circles in the fact that military forces as such eat up disproportionate amounts of energy and have heavy carbon footprints, while the growth in nuclear energy that is likely to be necessary for

energy and climate related reasons is more likely to fuel proliferation dangers if it happens in a zero-sum and militarized world environment.

Some of those issues are perhaps too big even for our ambitious agenda today, so let me just mention two more specialized issues in closing. One is the question of WMD-related controls on strategic exports, transit and technology transfer, where all states now have obligations to meet certain standards under UN Security Council resolution 1540. Implementation of this resolution has been very patchy not least because many poorer and smaller countries lack the resources and expertise to set up elaborate controls, and see the costs as out of proportion to the small risk of nuclear smugglers coming their way. However, the effort might not seem so unreasonable if this specialized dimension could be factored more into the general design of national and regional controls on arms trade, which we'll be talking about later, and if developed countries could do more to help and advise the weakest partners in a more sensitive, politically acceptable way. There is a real role here for existing regional groupings, including existing nuclear weapon free zones, or for any new regional arms control communities we might create.

Finally, I'd like to throw in a topic that isn't usually classified as part of arms control or disarmament but is actually very relevant to today's agenda, especially in the contexts of conflict and of trade controls – namely, the control of conflict diamonds and other so-called conflict commodities which include the black or grey markets in drugs, rare minerals and high-value energy sources. This is an interesting topic because it reminds us of the role that the legitimate and illegitimate business sector plays in the problems of violence and misuse of resources, but also in the necessary efforts to get such commodity flows under control. The Kimberley process aimed at eliminating the conflict diamond trade offers lessons about what business can do but also about the problems and disappointments that come when such efforts are not serious and comprehensive enough and properly designed. During our different sessions today, I suggest we need not only to ask ourselves each time about the role of business, but also consider whether the different business angles could be better handled through a single more comprehensive vision of public-private sector interaction for the goals of development, rational resources allocation, and arms restraint.