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REDUCTION OF MILITARY BUDGETS

Practical means of promoting the wider participation of
States in the international system of standardized
reporting of military expenditures

Report of the Secretary-General

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* A/38/150.

I. INTRODUCTION

1. By its resolution 37/95 B of 13 December 1982, the General Assembly, having considered, inter alia, that wider participation in the reporting system would promote its further refinement and would, by contributing to greater openness in military matters, increase confidence between States, and that new initiatives were called for to give a fresh impetus towards achievement of the broadest possible participation, by States from different geographic regions and representing different budgeting systems, in the reporting of military expenditures, requested the Secretary-General to invite Member States to submit their views and suggestions on practical means of promoting this goal and to report to the Assembly at its thirty-eighth session on the results of this consultation.
2. Pursuant to the above request, the Secretary-General submits herewith the replies received from Member States concerning their views and suggestions.

II. REPLIES RECEIVED FROM GOVERNMENTS

AUSTRIA

[Original: English]

[26 April 1983]

1. The rapid increase of economic resources devoted to military purposes is one of the most serious aspects of the present international situation. Austria, therefore, strongly supports efforts to conclude appropriate agreements on the reduction of military budgets. Experience with previous initiatives in this area has proved that the availability and comparability of data on national military budgets are essential requirements for the elaboration of such agreements. It is for this reason that Austria from the outset participated in the development and testing of the reporting instrument for military expenditures and, since 1980, regularly submits data on its military expenditures to the Secretary-General of the United Nations.
2. In its brief period of operation, the system for international reporting on military expenditures has established its potential as an important step towards negotiations on reduction agreements and as a confidence-building measure. Its major shortcoming has so far been the participation of only a relatively small group of States. Only a wide participation by States from different regions and representing different budgeting systems could lead to a breakthrough towards serious negotiations on international agreements to reduce military expenditures.
3. Austria entirely agrees with the view expressed in General Assembly resolution 37/95 B concerning the need for a fresh impetus towards achieving a broader participation in the reporting of military budgets and will support all initiatives conducive to this end. In Austria's view, these endeavours should focus on promoting better understanding for the benefits of a wider dissemination of

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information on military budgets with a view to confidence-building, détente and disarmament. Only full awareness of these benefits will persuade States of all regions and political systems to overcome the legacy of mistrust and secrecy and to participate in the international system for the reporting of military expenditures.

FINLAND

[Original: English]

[12 August 1983]

Finland believes that reporting of military expenditures is a valuable means to slow down the pace of the arms race. Finland for its part participates in this exercise and replies to the questionnaire on a continuing basis. Objective data is essential for arms control efforts. In this matter, as in other fields of disarmament efforts, political will is necessary for any success.

FRANCE

[Original: French]

[26 August 1983]

1. France, which co-sponsored General Assembly resolution 37/95 B, believes that the reporting, comparison and verification of military expenditures is a prerequisite for any international agreement aimed at reducing such expenditures effectively and verifiably.
2. France is of the view that wider participation in the international system of standardized reporting introduced in pursuance of General Assembly resolution 35/142 B, in which France itself participates, would be conducive to better geographical and political balance, thereby increasing the political value of the exercise. Such a contribution would also help to improve the instrument for analysing comparative budgets.
3. France is surprised, therefore, that some countries which in recent years have not hesitated to submit a variety of proposals on military budgets have so far put off supplying any information on their own military expenditures.
4. France wishes to record its interest in greater transparency of military expenditures and therefore remain prepared to facilitate the work of the experts entrusted with studying ways and means of improving the comparability of budgets.
5. Finally, France notes with interest the proposal to convene an international conference on military expenditures, the outcome of which would help to increase confidence among States.

GERMANY, FEDERAL REPUBLIC OF*

[Original: English]

[5 May 1983]

1. The 10 member States of the European Community welcome the fact that the General Assembly has again underscored the importance of the system for the standardized reporting of military expenditures and the need for the broadest possible participation in that system by countries from different geographic regions and representing different budgeting systems. All 10 member States supported resolution 37/95 B, and five of them were among its sponsors.
2. The standardized reporting system should be viewed in the overall context of which it is a part. As a practical measure, it constitutes an important first step in the effort to render the military expenditures of different countries transparent and comparable. The Ten are convinced that only by proceeding on this course towards a solution to the problem will it be possible to find reasonable ways of realizing proposals aimed at reducing military expenditures through international agreements. Efforts to further the standardized reporting system are related to endeavours aimed at reducing the level of armament and at increasing the possibilities of reallocating resources hitherto used for military purposes to promote economic and social development, particularly for the benefit of the developing countries. The Ten believe that disclosure of military expenditures in accordance with the reporting system also constitutes an important confidence-building measure in international relations.
3. From the outset, member States of the Ten have actively participated in developing the standardized reporting system. Five of them took part in the system's test phase, and since that time a great many Member States have regularly submitted the relevant figures. In so doing, they have helped to demonstrate the feasibility of the system. The Ten will support the Secretary-General in his task of exploring further the useful conclusions and recommendations of the study on the reduction of military budgets (A/S-12/7). However, the real goal of the reporting system cannot be achieved until far more countries participate and until different regions and, above all, different budgeting systems are suitably represented. The Ten regret that an entire group of States have so far refused to participate in the reporting system and to draw the practical consequences from proposals which they themselves have made. If the first practical steps taken already encounter such difficulties, prospects cannot be considered favourable for successfully coping with the complex problems existing in this sphere as a whole. In this regard, participation in the standardized reporting system is a test of how seriously the concept for reducing military expenditures is indeed meant.
4. In the view of the Ten, it would encourage greater participation by Member States in the standardized reporting system if the Secretary-General were to address a special appeal to all States that have not participated so far.

* On behalf of the States members of the European Community.

This should be primarily viewed as an appeal to those States whose failure to participate has meant that an entire category of budgeting systems has not yet been represented.

JAPAN

[Original: English]

[19 August 1983]

1. In considering the freeze and reduction of military expenditures, national security requirements of each country should be fully taken in account. For the promotion of this issue, fair calculation and comparison of military expenditures based upon a standardized reporting instrument and effective verification measures are required.
2. We believe that the accumulation of experiences gained through each country's participation in the exercise of a standardized reporting instrument for military expenditures will contribute to increasing confidence among States and, at the same time, will provide a basis for the solution of the military expenditure issue.
3. From this viewpoint, we feel it important that as many States as possible representing different regions and different accounting systems and, in particular, those that have not yet participated in the said reporting system, regardless of their stands toward this issue, should make public the actual state of their military expenditures through the standardized reporting instrument.

KENYA

[Original: English]

[10 August 1983]

1. World military expenditures soar to higher levels every year and world military expenditures at this moment amount to about \$600 billion, roughly 7 per cent of the value of the world's total output of goods and services. Moreover, current budget figures give a strong indication that the use in world military expenditure is accelerating while, at the same time, there are widespread cuts in the real value of foreign aid.
2. The tens of billions of dollars spent annually on the manufacture or improvement of weapons lies in contrast to the want and poverty in which two thirds of the world's population live. In the developing countries, spending is also increasing alarmingly. In the past 23 years, the gross national product of the developing third world rose about 3 times, while its military spending increased about 4.5 times. It is in the light of this scandalous waste of resources that Kenya submits herewith its points of proposals on reduction of military budgets as follows:

(a) Kenya strongly supports the notion that some 25 per cent of the world's scientific manpower engaged in military-related pursuits should be reallocated to pursue development of essential human services e.g., health, sanitation, education and other services. This transfer of priority would divert research and development from achieving military ends.

(b) Kenya calls for a drastic reduction of priorities given to military budgets in the national budgets, because military expenditures, at the current level, are inherently inflationary in that purchasing power and effective demand are created without an off-setting increase in immediately consumable output or in productive output to meet future requirements. This excess demand creates an upward pressure on prices throughout the economy.

(c) Kenya supports the establishment of machinery to verify compliance with self-restraint in pursuance of General Assembly resolution 34/83 F. We regard verification of compliance as the most important test of the seriousness towards contribution to a climate of confidence.

(d) Kenya proposes a 20 per cent reduction in the military budgets of the nuclear States. We believe that no progress can be made in reducing military budgets unless national priorities are changed and geared towards higher achievement in the utilization of the action for peaceful purposes.

(e) Kenya believes that a military-agreed basis on the gradual reduction of military budgets, which would include a degree of openness by States on their military budgets and an absolute figure system of reduction, would eventually offer the best method of achieving this objective.

PORTUGAL

[Original: French]

[7 July 1983]

1. The reduction of military budgets carried out on terms acceptable to States and subject to effective verification measures is one way of helping to halt and reverse the arms race. Nevertheless, in order to ensure that the measures to be adopted in this field are effective, certain inherent problems, particularly those deriving from the existence of different national accounting systems, procedures and exchange rates, have to be solved first.

2. Among the problems referred to, those concerning comparability and transparency assume particular importance, since their solution is a prerequisite for ensuring the possibility of adopting equitable measures to prevent a State from improving its position to the disadvantage of other States, as stipulated in paragraph 29 of the Final Document of the Tenth Special Session of the General Assembly (resolution S/10-2).

3. The current experiment, which derives from the recommendation in General Assembly resolution 33/67 that Member States should make use of the reporting instrument to report on a voluntary basis their military expenditures, will represent a worthwhile attempt to solve these problems once the participating States are sufficiently numerous and are representative of the total membership of the United Nations, since otherwise the results of the experiment will be unreliable.
4. Clearly, however, the number of countries currently participating in the experiment is too small to meet this condition; moreover, the States members of the Atlantic Alliance predominate, while other States that are militarily significant, either in absolute terms or at the level of certain regions, are not represented at all.
5. The Portuguese Government considers that the failure of such States to join in the experiment may seriously prejudice its results. Portugal's vote in favour of General Assembly resolution 37/95 B was cast in the belief that new ways should be found to encourage a greater number of States to participate in the experiment of voluntarily divulging their military expenditures by making use of the reporting instrument adopted by the General Assembly.
6. The reasons, particularly the most common ones, for which States are reluctant to inform the Secretary-General of their military expenditures should be identified and ways of overcoming the difficulties should then be found. Since the overwhelming majority of the States Members of the United Nations have recognized the need to increase the number of States that report their military expenditures to the Secretary-General, the Portuguese Government considers that the holding of an international conference could help achieve the necessary objectives, provided that States participate in a constructive spirit.
7. In the meantime, it would also be helpful if the Secretary-General were to take steps to explain to the Governments of Member States the immediate and medium-term objectives of the experiment and the potential benefits to be derived from the results.

SWEDEN

[Original: English]

[15 April 1983]

1. The Soviet proposal in 1973 that States permanent members of the Security Council should reduce their military budgets by 10 per cent and allow 10 per cent of the funds thus released for assistance to developing countries set in motion a series of expert studies and other activities of the United Nations.
2. One of the major achievements in this field has been the elaboration and subsequent adoption in 1980 by the General Assembly of an international system for standardized reporting of military expenditures, the purpose of which is twofold.

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Widespread reporting would presumably result in a greater openness in military matters, which would promote confidence between States and help to ameliorate the conditions for serious negotiations on the reduction of military expenditures. The reporting system and its instrument, which has been carefully elaborated with regard to the questions of defining and reporting military expenditures, may also provide a good basis for the discussion of these issues in the framework of such negotiations. It is therefore of vital importance that this system, which may greatly promote and facilitate future negotiations, is kept alive by continuous reporting from a large and, it is to be hoped, growing number of countries. Through such a process it may also be possible to refine the system even further and to adapt it to the requirements and characteristics of the accounting and budgeting systems and practices of participating states.

3. The Swedish Government believes that the best way of promoting the goal of wider participation in the reporting system is to underline these two fundamental purposes as they have been described above. It is also important to point out that the reporting instrument contains provisions for reporting expenditure data on different levels of aggregation and that respondents may choose to report their data with different cost categories. As this is likely to encourage participation, information is needed to make all Member States fully aware of this option.

4. Another thing that may promote participation in the reporting system would be, if the data reported by States were arranged and published yearly by the Secretary-General according to statistical practice as an integral part of his normal statistical services. The value of such a successively improved data base may be generally appreciated by a growing number of countries. This may in turn encourage them to contribute to this end by participating themselves in the reporting system.
