

Public Disclosure Authorized

Reference Services	
Division Library	
CAT. #	WE
Copy #	1-11-1979

# DEVELOPMENT AND THE ARMS RACE

AN ADDRESS BY **55794**

**ROBERT S. McNAMARA**  
**PRESIDENT, WORLD BANK**

Public Disclosure Authorized

UNIVERSITY OF CHICAGO  
LIBRARY  
55794  
MAY 22 1979

University of Chicago  
May 22, 1979

Full text of the address  
made by Robert S. McNamara  
at the University of Chicago,  
May 22, 1979, upon his receiving  
the Albert Pick, Jr. Award

President Gray, Dr. Harris, Mrs. Pick, and Ladies and Gentlemen:

I am deeply honored and grateful for this award—for the sculpture which accompanies it, and for the generous cash prize of \$25,000, which I will contribute to a development-oriented activity.

It seems to me that what the Directors of the Albert Pick, Jr. Fund, and this great university had in mind in establishing this award honoring international understanding was to point out that we need to think more profoundly about the new kind of world that is emerging around us.

The old order is certainly passing. Perhaps the beginning of its breakdown can be dated from that cold December day in 1942 when a few hundred yards from where we are now sitting the first nuclear chain reaction began. The consequences of that event were to transform our whole concept of international security because now Man had the capacity not merely to wage war, but to destroy civilization itself.

If I may on this occasion speak quite personally, I had of course to wrestle with the problem of the fundamental nature of international security during my tenure as U.S. Secretary of Defense, and in 1966 I spoke publicly about it in a speech to the American Society of Newspaper Editors meeting in Montreal.

My central point was that the concept of security itself had become dangerously oversimplified. There had long been an almost universal tendency to think of the security problem as being exclusively a military problem, and to think of the military problem as being primarily a weapons-system or hardware problem.

"We still tend to conceive of national security," I noted, "almost solely as a state of armed readiness: a vast, awesome arsenal of weaponry."

But, I pointed out, if one reflects on the problem more deeply it is clear that force alone does not guarantee security, and that a nation can reach a point at which it does not buy more security for itself simply by buying more military hardware.

That was my view then. It remains my view now.

Let me be precise about this point.

No nation can avoid the responsibility of providing an appropriate and reasonable level of defense for its society. In an imperfect world that is necessary. But what is just as necessary is to understand that the concept of security encompasses far more than merely military force, and that a society can reach a point at which additional military expenditure no longer provides additional security.

Indeed, to the extent that such expenditure severely reduces the resources available for other essential sectors and social services—and fuels a futile and reactive arms race—excessive military spending can erode security rather than enhance it.

Many societies today are facing that situation. Certainly the world as a whole is. And any sensible way out of the problem must begin with the realization of the dangers and disproportionate costs that extravagant military spending imposes on human welfare and social progress.

Global defense expenditures have grown so large that it is difficult to grasp their full dimensions.

The overall total is now in excess of \$400 billion a year.

An estimated 36 million men are under arms in the world's active regular and paramilitary forces, with another 25 million in the reserves, and some 30 million civilians in military-related occupations.

Public expenditures on weapons research and development now approach \$30 billion a year, and mobilize the talents of half a million scientists and engineers throughout the world. That is a greater research effort than is devoted to any other activity on earth, and it consumes more public research money than is spent on the problems of energy, health, education, and food combined.

The United States and the Soviet Union together account for more than half of the world's total defense bill, and for some two-thirds of the world's arms trade.

And yet it is not in the industrialized nations, but in the developing countries that military budgets are rising the fastest.

On average around the world, one tax dollar in six is devoted to military expenditure, and that means that at the present levels of spending the average taxpayer can expect over his lifetime to give up three or four years of his income to the arms race.

And what will he have bought with that?

Greater security?

No. At these exaggerated levels, only greater risk, greater danger, and greater delay in getting on with life's real purposes.

It is imperative that we understand this issue clearly.

The point is not that a nation's security is relatively less important than other considerations. Security is fundamental.

The point is simply that excessive military spending can reduce security rather than strengthen it.

In the matter of military force—as in many other matters in life—more is not necessarily better. Beyond a prudent limit, more can turn out to be very much worse.

And if we examine defense expenditures around the world today—and measure them realistically against the full spectrum of actions that tend to promote order and stability within and among nations—it is obvious that there is a very irrational misallocation of resources.

Is there any way, then, to moderate the mad momentum of a global arms race?

No very easy way, given the degree of suspicion and distrust involved.

But as one who participated in the initial nuclear test ban arrangements, and other arms limitation discussions, I am absolutely convinced that sound workable agreements are attainable.

These matters clearly call for realism. But realism is not a hardened, inflexible, unimaginative attitude. On the contrary, the realistic mind should be a restlessly creative mind—free of naive delusions, but full of practical alternatives.

There are many alternatives available to an arms race. There are many far better ways of contributing to global security. I suggested a number of those ways in my address in Montreal in 1966, pointing out the importance of accelerating economic and social progress in the developing countries. When, two years later, I left the Pentagon for the World Bank this was an aspect of world order with which I was particularly concerned.

Eleven years in the Bank, combined with visits to some 100 of the developing countries, have contributed immeasurably to my international understanding. They have permitted me to explore the whole new world that has come to political independence—in large part over the past quarter century.

I have met the leaders of this new world—their Jeffersons and Washingtons and Franklins—and have sensed their pride and their peoples' pride in their new national independence, and their frustrations at their economic dependence.

I have shared their sense of achievement at the remarkable rate of economic growth which many of them attained, largely by their own efforts. But I have been appalled by the desperate plight of those who did not share in this growth, and whose numbers rose relentlessly with the great tide of population expansion.

There are today more than one billion human beings in the developing countries whose incomes per head have nearly stagnated over the past decade. In statistical terms, and in constant prices, they have risen only about two dollars a year: from \$130 in 1965 to \$150 in 1975.

But what is beyond the power of any set of statistics to illustrate is the inhuman degradation the vast majority of these individuals are condemned to because of poverty.

Malnutrition saps their energy, stunts their bodies, and shortens their lives. Illiteracy darkens their minds, and forecloses their futures. Preventable diseases maim and kill their children. Squalor and ugliness pollute and poison their surroundings.

The miraculous gift of life itself, and all its intrinsic potential—so promising and rewarding for us—is eroded and reduced for them to a desperate effort to survive.

The self-perpetuating plight of the absolute poor tends to cut them off from the economic progress that takes place elsewhere in their own societies. They remain largely outside the entire development effort, neither able to contribute much to it, nor benefit fairly from it.

And when we reflect on this profile of poverty in the developing world we have to remind ourselves that we are not talking about merely a tiny minority of unfortunates—a miscellaneous collection of the losers in life—a regrettable but insignificant exception to the rule. On the contrary, we are talking about hundreds of millions of human beings—40% of the total population of over 100 countries.

Is the problem of absolute poverty in these nations solvable at all?

It is. And unless there is visible progress towards a solution we shall not have a peaceful world. We cannot build a secure world upon a foundation of human misery.

Now how can we help lift this burden of absolute poverty from off the backs of a billion people? That is a problem we have been dealing with at the World Bank intensively for the past six or seven years.

It is clear that we in the richer countries cannot do it by our own efforts. Nor can they, the masses in the poorest countries, do it by their own efforts alone. There must be a partnership between a comparatively small contribution in money and skills from the developed world, and the developing world's determination both to increase its rate of economic growth, and to channel more of the benefits of that growth to the absolute poor.

Most of the effort must come from the developing countries' own governments. By and large they are making that effort.

In the past decade, the poor nations have financed over 80% of their development investments out of their own meager incomes. But it is true they must make even greater efforts. They have invested too little in agriculture, too little in population planning, and too little in essential public services. And too much of what they have invested has benefitted only a privileged few.

That calls for policy reforms, and that is, of course, always politically difficult. But when the distribution of land, income, and opportunity becomes distorted to the point of desperation, political leaders must weigh the risk of social reform against social rebellion. "Too little too late" is history's universal epitaph for political regimes that have lost their mandate to the demands of landless, jobless, disenfranchised, and desperate men.

In any event, whatever the degree of neglect the governments in the poor countries have been responsible for, it has been more than matched by the failure of the developed nations to assist them adequately in the development task.

Today, Germany, Japan, and the United States are particularly deficient in the level of their assistance.

The case of the United States is illustrative. It enjoys the largest gross national product in the world. And yet it is currently one of the poorest performers in the matter of Official Development Assistance. Among the developed nations, Sweden, the Netherlands, Norway, Australia, France, Belgium, Denmark, Canada, New Zealand, and even—with all its economic problems—the United Kingdom: all of these nations devote a greater percentage of their GNP to Official Development Assistance than does the U.S.

In 1949, at the beginning of the Marshall Plan, U.S. Official Development Assistance amounted to 2.79% of GNP. Today, it is less than one-tenth of that: .22% of GNP. And this after a quarter century during which the income of the average American, adjusted for inflation, has more than doubled.

There are, of course, many sound reasons for development assistance.

But the fundamental case is, I believe, the moral one. The whole of human history has recognized the principle that the rich and powerful have a moral obligation to assist the poor and the weak. That is what the sense of community is all about—any community: the community of the family, the community of the nation, the community of nations itself.



is—are also practical ways to proceed. Social justice is not simply an abstract ideal. It is a sensible way of making life more livable for everyone.

Now it is true that the moral argument does not persuade everyone.

Very well. For those who prefer arguments that appeal to self-interest, there are some very strong ones.

Exports provide one out of every eight jobs in U.S. manufacturing, and they take the output of one out of every three acres of U.S. farm land—and roughly one-third of these exports are now going to the developing countries.

Indeed, the U.S. now exports more to the developing countries than it does to Western Europe, Eastern Europe, China, and the Soviet Union combined.

Further, the U.S. now gets increasing quantities of its raw materials from the developing world—more than 50% of its tin, rubber, and manganese plus very substantial amounts of tungsten and cobalt, to say nothing of its oil.

The U.S. economy, then, increasingly depends on the ability of the developing nations both to purchase its exports, and to supply it with important raw materials.

And the same sort of relationship of mutual interdependence exists between the other industrialized countries—the Common Market, and Japan—and the developing world.

Thus, for the developed nations to do more to assist the developing countries is not merely the right thing to do, it is also increasingly the economically advantageous thing to do.

What will it cost the United States and the other industrialized countries to do more?

Far less than most of us imagine.

The truth is that the developed nations would not have to reduce their already immensely high standard of living in the slightest, but only devote a minuscule proportion of the additional per capita income they will earn over the coming decade.

It is not a question of the rich nations diminishing their present wealth in order to help the poor nations. It is only a question of their being willing to share a tiny percentage—perhaps 3%—of their incremental income.

It is true that the developed nations, understandably preoccupied with controlling inflation, and searching for structural solutions to their own economic imbalances, may be tempted to conclude that until these problems are solved, aid considerations must simply be put aside.

But support for development is not a luxury—something desirable when times are easy, and superfluous when times become temporarily troublesome.

It is precisely the opposite. Assistance to the developing countries is a continuing social and moral responsibility, and its need now is greater than ever.

Will we live up to that responsibility?

As I look back over my own generation—a generation that in its university years thought of itself as liberal—I am astonished at the insensitivity that all of us had during those years to the injustice of racial discrimination in our own society.

Will it now take another 50 years before we fully recognize the injustice of massive poverty in the international community?

We cannot let that happen.

Nor will it happen—if we but turn our minds seriously to the fundamental issues involved.

Increasingly the old priorities and the old value judgments are being reexamined in the light of the growing interdependence between nations—and it is right that they should be.

Once they are thought through, it will be evident that international development is one of the most important movements underway in this century.

It may ultimately turn out to be the most important.

Our task, then, is to explore—to explore a turbulent world that is shifting uneasily beneath our feet even as we try to understand it. And to explore our own values and beliefs about what kind of a world we really want it to become.

It was T. S. Eliot, in one of his most pensive moods, who wrote:

“We shall not cease from exploration  
And the end of all our exploring  
Will be to arrive where we started  
And know the place for the first time.”

Thank you, and good evening.

**WORLD BANK**

1818 H Street, N.W., Washington, D.C. 20433, U.S.A.

Telephone number: (202) 477-1234

Cable address: INTBAFRAD WASHINGTON D.C.

**European Office:**

66, Avenue d'Iéna, 75116 Paris, France

Telephone number: 723-54-21

Cable address: INTBAFRAD PARIS

**Tokyo Office:**

Kokusai Building

1-1 Marunouchi 3-chome

Chiyoda-ku, Tokyo 100, Japan

Telephone number: (03) 214-5001

Cable address: INTBAFRAD TOKYO