

**LOCAL AUTHORITY CONFERENCE**  
**on**  
**ECONOMIC & ARMS CONVERSION**

**22nd Sep. 1987, Town Hall, Sheffield**

**CONFERENCE**  
**REPORT**

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## FOREWORD

Since the Conference was held, the optimism of Richard Caborn's opening statement to the plenary session on the possibility of "the first" historical steps in the reduction of nuclear weapons in the world has been borne out by the signing of the Intermediate Nuclear Forces agreement in Washington. Many feel that further weapons reductions are likely, both nuclear and conventional.

The Conference timing, postponed from 12 June 1987 because of the General Election was, fortuitously very appropriate given international events and a domestic defence procurement policy promising significant job losses.

The Conference was conceived from the collective experience of developing conversion initiatives in many national and international arenas over a decade. Sheffield City Council felt that another conversion conference, simply restating problems and barriers to conversion, would not be fruitful. Instead the Conference was called, targeted mainly at Local Authorities, to examine what practical steps could be taken using mainly existing resources to take forward conversion strategies and actions. The Conference delegates, along with time and events, will determine the measure of its success.

Shortly before the Conference took place we were fortunate enough to receive confirmation from Minnesota "Jobs with Peace", that six delegates from the state Economic Conversion Task Force would be able to attend as part of a ten day tour of the U.K., visiting conversion initiatives. The presence of our American visitors from such diverse backgrounds certainly added a great deal to the day, with a reciprocal visit being arranged. However, an apology from the Conference Organisers must be offered to Karen Clark and Larry Cloud Morgan as the recording equipment failed to pick up sections of the visitors contributions and is therefore absent from the transcript.

In accordance with the decision of the Conference a meeting of the Working Group to examine the feasibility of establishing a National Conversion Unit and other related matters raised by the workshops has been arranged, details of which are contained in an earlier letter. It is common with the Conference report this is later than the agreed timescale. It is hoped that the delay will not detract from the momentum generated by the Conference.

The report of the Working Party will be circulated to all conference delegates when its task has been completed.

In conclusion the organisers wish to express their thanks and appreciation to all those, too numerous to mention, who assisted in the preparation and development of the Conference and this report.

JEN COLEMAN/PHILIP ASQUITH  
SHEFFIELD CITY COUNCIL

## LOCAL AUTHORITY CONFERENCE ON ECONOMIC AND ARMS CONVERSION

Tuesday, 22 September 1987, Town Hall, Sheffield

### Monday 21 September TRAVEL TO SHEFFIELD

Overnight stay.

Meet in the club bar at 8.00 pm, Pace Hotel, George Street, for an informal drink and chat with delegates and speakers.

### Tuesday 22 September

9.00 - 9.30

REGISTRATION AND COFFEE

9.30 - 9.35

WELCOME AND OPENING REMARKS

Cllr Roger Barton, Sheffield City Council

9.35 - 9.55

INTRODUCTION: WHAT IS CONVERSION?

Why is conversion a key issue for local authority employment and economic development initiatives?

Speaker: Richard Caborn MP

9.55 - 10.15

DEFENCE EXPENDITURE, THE ECONOMY AND JOBS

Why defence expenditure is a poor job creator; how sustained high levels of defence expenditure have contributed to the decline in the economy and jobs.

Speaker: Susan Willett

10.15 - 10.35

ECONOMIC AND ARMS CONVERSION INITIATIVES

Conversion initiatives after World War II and the Vietnam War; recent initiatives in Europe and the USA; Conversion - policies and opportunities.

Speaker: Russell Fleming

10.35 - 10.45

ECONOMIC CONVERSION IN MINNESOTA, USA

Building the Minnesota State Economic Conversion Task Force.

Speakers: Karen Clark, Mel Duncan, Larry Cloud-Morgan.

10.45 - 11.00

COFFEE

11.00 - 11.10

PREPARING FOR CONVERSION: THE ROLE OF LOCAL AUTHORITIES  
(Part One)

What legal powers do local authorities have to implement conversion strategies?

Speaker: Jamie Wooley

(ABOUT THE SPEAKERS - see separate sheet)

11.10 - 11.30

PREPARING FOR CONVERSION: THE ROLE OF LOCAL AUTHORITIES  
(Part Two)

From Words to Action - a Local Authorities' National Conversion Unit.

Speaker: Philip Asquith

11.30 - 12.15

QUESTIONS AND DISCUSSION

12.15 - 1.30

LUNCH

1.30 - 3.00

'NUTS AND BOLTS' WORKSHOPS

'What immediate practical steps can local authorities take to implement conversion?'

This is the key part of the Conference. The objective is to determine a concrete set of proposals for implementing conversion in the context of Local Authority Employment and Economic Development initiatives. (See separate sheet).

3.00 - 3.15

CLOSING PLENARY - 'A PLAN FOR ACTION ON CONVERSION'

Summary of the workshops proposals for action.

Speaker: The Conference Rapporteur.

3.15 - 3.25

CONFERENCE SUMMARY AND CHAIR'S CLOSING REMARKS

CONFERENCE ENDS

3.25

COFFEE

LOCAL AUTHORITY CONFERENCE ON ECONOMIC AND ARMS CONVERSION

WORKSHOPS

The objectives of the workshops is to determine a set of concrete proposals for implementing conversion in the context of Local Authority Employment and Economic Development Initiatives.

Some of the key questions which need to be discussed are:-

- Is it feasible for a local authority to identify those companies with MoD contracts in its area, to assess the number and nature of jobs involved and to provide early warning of the local economic and employment implications of the loss or termination of contracts?
- How can local authorities assist companies and their workers in the preparation of proposals for alternative product development and employment?
- How can local authorities assist in the co-ordination of conversion activities across different plants and companies in a region?
- What does Conversion mean for a local economy and the structure of its industry?
- What are the main practical obstacles to local authority involvement in conversion initiatives?
- How can these obstacles be overcome?
- What are the short term initiatives that should be taken as a result of this Conference?
- How would a National Conversion Unit function?
- Could similar process applied of the nuclear power industry?

Each workshop will be asked to address the same issues. Each will have a facilitator familiar with the subject who will be responsible for assisting the Rapporteur, for presentation to the Closing Plenary.

The detail of the discussions will be noted for inclusion in the Conference Report.

## ABOUT THE SPEAKERS

RICHARD CABORN is a Member of Parliament for Sheffield Central and is Labour shadow spokesman on Trade and Industry.

SUSAN WILLETT is a researcher at Birkbeck College and an expert on the British defence industry. She is Secretary to the Greater London Conversion Council and author of several reports including 'Lost Jobs, Wasted Skills - the impact of defence procurement on the electronics sector in London'.

RUSSELL FLEMING is Secretary of the Alternative Employment Study Group based in Dumbarton. He is an advisor to Strathclyde Regional Council on defence and related employment issues and author of 'Polaris and Trident - the myths and realities of employment'. Russell's survey of the economic impact of defence expenditure in Scotland is about to be published.

KAREN CLARK, MBL DUNCAN AND LARRY CLOUD MORGAN are founder members of the Minnesota State Economic Conversion Task Force.

JAMIE WOOLLEY is a solicitor with Sheffield City Council. He has advised the Council's Department of Employment and Economic Development since 1983 and currently advises the National Steering Committee of Nuclear Free Zone Local Authorities.

PHILIP ASQUITH is a Chartered Engineer with Sheffield City Council, responsible for product development. Formerly he was a senior R+D engineer with Lucas Aerospace where he chaired the factory CSEU Joint Shop Stewards' Committee. He is a co-author of the Lucas Aerospace combine's alternative 'Corporate Plan' published in the mid-70's and has been active in the conversion movement since then.

## CONFERENCE CHAIR

COUNCILLOR ROGER BARTON Chairman of the National Steering Committee of Nuclear Free Zone Local Authorities kindly agreed, at short notice to chair the Conference owing to Councillor Helen Jackson's unavailability.

## ECONOMIC AND ARMS CONVERSION CONFERENCE

### RICHARD CABORN

"Can I welcome you all to my constituency, Sheffield Central, which I have the privilege to represent in the House of Commons.

I don't think the backcloth of international events could be better from Reykjavik to Washington. Who would have believed, two or three years ago, we would have been talking as the world peace movement is talking now. Indeed the international arena has changed quite significantly over this very short period towards probably the first historical steps in the reduction of nuclear weapons in the world.

Small, yes it is. Only three or four per cent of the world's nuclear arsenal are covered in that agreement but there are also some other significant points; on the question of nuclear tests, on the question of verification and other points that hopefully are going to emerge before the end of this year.

Because it is against this backcloth that we're discussing the question on arms conversion, I think it takes on a new importance. I've been involved with people like Bill Niven and others in arms conversion over a number of years where we've tried to put it onto the agenda, and indeed did put it onto the political agenda as far as my own party was concerned, the Labour Party. We've made very clear statements of how we ought to further conversion. When we look at the U.K. in terms of R & D expenditure 39% of the Government's R & D is spent on the war machine, as against that of major competing nations like Japan and others who are spending considerably less than 2%. I said only yesterday to someone who asked what is the use of the arms conversion, had we followed the same course as Japan for example, from 1945, then probably instead of having Nissans all over the City of Sheffield, it might have been British Leylands, or some other development within our Car Industry. Other industries are the same.

What the Chairman omitted to say, is that I'm very active in the anti-apartheid movement, and what I would like to do this morning is to draw one or two parallels with what has been happening both in the international arena and how we've approached the question of boycott. Not just the consumer boycott but the boycott that we're hopefully developing in steel, coal and so on. Because I think there are some lessons to be learned in that development which relates to arms conversion.

About three years ago, South Africa became the number one international issue. There was a lot of international activity, you saw it on the screens, the manner in which the Botha regime was acting against the indigenous black and coloured population of South Africa. It really heightened the level of understanding in the United Kingdom and indeed across the rest of the western world, and I can tell you that the economic sanctions movement grew significantly during that two year period.

But, inside that came the argument of the boycott to bring about what the United Nations has been calling for, and that is for full mandatory economic sanctions against South Africa.

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and whom I used to work alongside, who were asking me to go and make representation to government and say "can we have that contract for 800,000 to make the shafts for the Trident submarine?" They are being forged no more than a quarter of a mile away from here today. They said "We know it leads you into a dilemma, Dick, because of your anti-nuclear stance, but nevertheless it means jobs for our people down the road there, people that I represent in the House of Commons.

Now that's a dilemma that I have got to face up to. What do I do? Do I make representations to government and say "Well the Italians are going to do it for 100,000 less, can we have that job?" knowing that the job eventually is going to be forged here and is going to go into a Trident submarine which is going to be one of the lethal killers of the future.

These are the problems that are facing many of the convenors and shop stewards inside the major works of this nation. They would much sooner say "yes if there are alternatives, if there are alternative markets, if there is alternative R and D that we can look at, preferably for development in the third world, then quite honestly they welcome it.

So I give just that one example because I believe that there are many people, genuine people, inside the trade union movement not in the hierarchy, but there at the place of work, who would come along with first class ideas of how they could use their facilities if there was a framework in which they could use them for the betterment of mankind. And I think that there would be a ready response to it, I think it would be even more so now that we have the prospect of the peace agreement that will be signed, hopefully by the end of this year.

If I can conclude Chairman on this note, I don't want to go on too long, I know there are many experts here who want to exchange ideas but as the Chairman said I was a member of the European Parliament from 1979 to 1984. I don't know whether you know but you sit in block in the European Parliament, communists, socialists, liberal, Christian democrats and so on - so I sat in the socialist block. My name is Caborn and the person who sat next to me was Brant because you sit in alphabetical order. I sat with Willy Brant for about three and a half years in the European Parliament. One of the nicest people I have every met in international politics. But I only say it for this reason.

At the time when the Brant report came out the Cancombe conference was held in Mexico, which Reagan and Thatcher were actually sabotaging. On that particular day, the week that the conference was taking place, I said to Willy "what of the outcome?" and he said this to me. "Its one of the most disappointing weeks in the whole of my life Richard. It's for this reason - I know that there are two statespersons going across there (that was Thatcher and Reagan) who are going to deliberately sabotage it". But he then said, "but don't worry, it might be when I'm dead, but what I wrote in the North/South report the Brant Report and the follow-on report from that, will come true. It might be when I'm dead, but the arms conversion, that restructuring of the world's economy, the development of socially useful products for the liberation of people rather than the threatening of people, will come about."

And I think if one looks at the Brant Report there are many good ideas in that of which we can provide the international backcloth for

Immediately, you say that the UK particularly has the strongest trading relationships with South Africa, both in terms of financial investment and also in terms of trade. This meant that we had to sit down and not just make pious resolutions but actually argue with people, in this city who were saying we don't want ferrochrome to come in, we don't want the commodities of South Africa to be imported into the United Kingdom, that we want you to be able to boycott consumers goods, that we want to stop the import of coal and so on. And when you go down to a company here, and say we want you to stop bringing in ferrochrome they say "What's the alternative?"

Quite honestly we hadn't worked out those alternatives, and the government then played on ignorance to some extent, and the fear factor, saying that if we applied full mandatory economic sanctions against South Africa we would lose something in the order of 350,000 jobs - depending on who you were talking to, whether it was a brief from the South African embassy or whether it was the Foreign Office, which unfortunately does not seem that far apart on the propaganda it puts out, but it varied between 250,000 to 350,000 jobs. It was actually 15,000 jobs when we had our surveys done. We then looked in depth at the question of the import of raw materials with the steel workers, yes, and to some extent with management of how we can manage the steel industry in this and indeed throughout the United Kingdom without having to import from South Africa.

Last Saturday in this City was a major coal conference, again on that issue. The reason I say this is that there is a number of things we've got to do in the arms conversion as well. Like the South Africa situation the international scene is being set, not necessarily how we would want it to be set but it is being set and there will be a receptive ear to the question of conversion. We've got to make sure that they are credible alternatives we are putting, that they are practical alternatives we are putting and thirdly, and I think most importantly, that they are desirable alternatives we are putting.

And it's this type of activity like this conference today I think that makes or can make an extremely important contribution. Because, as the Chairman has already said the activities of the nuclear free zones local authorities has been absolutely first class and has affected government policy. On the question of the anti-apartheid movement the local authorities have been absolutely first class, even to the extent now that the government has to put legislation on the statute book in the new local government bill, which is attempting to stop the local authorities taking action as far as the boycott of South Africa is concerned.

So the collective power of the local authorities on issues like this, whether they be national or international can have a major impact. And I say that if that type of organisation is set up on arms conversion, which is timely internationally, can in fact bring in the very people that it is going to affect and that is obviously trade unionists. I think that will be an extremely important step. I think there are a lot of people who are willing to come across and discuss these ideas.

Not so many months ago, at my offices across the road, I had a delegation from the steel works where I used to work. They said "Richard, we've a major problem, we're making the shafts for the Trident submarine". Now I was in a dilemma because they were putting in their tender at 800,000. That had been undercut by the Italians to 700,000 a piece. So I had workers down there who I know very well

and whom I used to work alongside, who were asking me to go and make representation to government and say "can we have that contract for 800,000 to make the shafts for the Trident submarine?" They are being forged no more than a quarter of a mile away from here today. They said "We know it leads you into a dilemma, Dick, because of your anti-nuclear stance, but nevertheless it means jobs for our people down the road there, people that I represent in the House of Commons.

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arms conversion as well. And so we should approach it from the very practical point of view of developing with the trade unions the plans that can come about with the peace agreements that are likely to happen hopefully in the next period, and put it against the background of what's happening in the world today and what people respond to.

We develop 'hungry for change' and we develop also the ideas about Ethiopia and the tremendous response we got from those television pictures by the ordinary people of this country.

There is a wealth of good will to be tapped, I think we've got to do it practically, we've got to communicate it, and I think the atmosphere that is around us as the moment gives us no better chance to have a practical conference like this to be able to develop those ideas and communicate them in the long term. Thank you very much.

SUSAN WILLETT

"Firstly I would like to thank Sheffield City Council for hosting this conference. I think it's a very important conference and quite an historic step that Local Councils are beginning to look at the need for incorporating defence conversion into their local economic planning - or at least beginning to think about it. I'd particularly like to thank Phil Asquith for making this conference possible and for his long contribution to the defence conversion movement.

I've been asked to set the background to defence conversion, which is to look at the way in which the defence expenditure in this country causes economic distortions and to set out the reasons why we should look at defence conversion as an economic issue, and a very crucial and central economic issue.

Defence expenditure in this country which is at present at just over £18 billion represents 5.1% of GDP and is the second largest item of public expenditure in this country. As a result of the scale of defence expenditure, it has certain major economic impacts, both at a macro-economic and micro-economic level.

At a macro level it influences public finance and policy, trade, growth, and technological policy and the rate of technological and innovative change in this country. At a micro level particularly through the procurement budget which stands at about 45% of the total defence budget at just over £8 billion, procurement of weapon systems affects local plants, national firms and their corporate structures and strategies, and of course it affects employment at a general level within the economy and at a very localised level, both in terms of the skills and structure of local employment patterns.

I'd first of all like to deal with some of these particular issues. In terms of defence expenditure as an item of public expenditure, in the 1970's defence expenditure remained relatively stable, although still relatively high in comparison with European levels of defence expenditure. But after the Thatcher government came in, in 1979, defence spending escalated by 30% in real terms up 1986. At present the government intends to, and has been, reducing defence expenditure - it reached a high in 1984 of 5.6% of GDP, it's now down to 5.1% of GDP. But this is in a time in which the government has been committed, as we all know too well, to general cuts in public expenditure. Therefore maintaining high levels of defence expenditure has been very much at the expense of other items of public expenditure, such as housing, education and social welfare, which have all been cut in real terms, in terms of the real demand for these items of public expenditure and it has been very much up to Local Councils to have to pick up (and Regional Authorities) the burden of the cuts that have taken place in other areas of public expenditure.

Defence expenditure in Britain is still very high in comparison with major European countries. The average European NATO expenditure is 3.5% of GDP so one can gauge from that the scale of high defence expenditure in Britain. The work of Professor Ron Smith at Birkbeck who I've had the privilege of being able to work with, has done considerable investigation into the effect of maintaining high defence expenditure in countries like the UK has found that those countries that have consistently maintained high defence expenditure have low levels of productivity and investment and indeed economic growth, in comparison with those countries such as Germany and Japan who have maintained far lower levels of defence



expenditure and, as we all know have even throughout the recession maintained relatively healthy rates of growth and productivity and economic expansion.

Now, why and how does high defence expenditure affect growth and competitiveness? Well, what Ron Smith has found is that defence investment competes directly with investment in capital equipment and product technology. Failing to invest in new equipment means that British companies technology has become old and British firms have not been able to compete in world growth markets as our major competitors have who have been investing. The result of this has been increasing loss of trade in world growth markets, a growing trade deficit - last year we had a trade deficit of £8 billion making Britain technologically dependent on other countries. As no doubt many of you know the U.K. is increasingly importing high technology goods, consumer electronics and particularly components which is a major contributory factor to our balance of trade deficit. The net results of these factors are plant closures and job losses.

One of the things that I would argue very strongly is that because of a concentration of defence procurement in certain industries, and because of the way these industries have structured themselves around the defence market, many jobs have been lost not simply on the defence side (I'll come to that later) but on the civil side of industry, and in fact in the electronics industry at the moment, which is meant to be a world growth area, we are losing on average 10,000 jobs a year. I would argue this is a direct result of the lack of investment in the civil electronics industry because of the over concentration and dependence on the defence market and defence production.

One of the other ways in which defence expenditure distorts the economic performance of this country is through (the previous speaker has already mentioned) research and development. In Britain the major institution for providing funds for research and development is the government, 54% of UK public R&D money goes towards military research and development which reflects the kind of priorities which this present government gives to its technology policy. This is in contrast to France which concentrates 37% of its R&D on defence, 10% in Germany and 2% in Japan - and we all know how innovative Japan is and I think that these figures in themselves reveal quite a lot about technological priorities of a country and of a government.

Long term R&D investment is absolutely crucial for remaining competitive and opening up new markets and creating employment etc. Whilst our major competitors are investing in robotics, biotechnology, composite materials, optical computing and software developments, Britain's level of investment in these fields remains sadly very low and I would argue this is because of the prioritisation of defence programmes. The research intensity of military products is 20 times that of civil products and 30% of the cost of major weapon systems is accounted for by research and development. Military products tend to be very capital intensive and the emphasis tends to be on products specifications rather than on process technologies, which mitigates against the process of spin-offs.

Spin-off has been one of the arguments that proponents of high military expenditure and high military R&D expenditure have used to justify these high levels, saying that this money is well spent because we get lots of technological advantages from the military work.

In 1983 Sir Ieuan Maddock, who was then a chief scientist for the British government, did a report for the National Economic Development Office, to look for evidence of spin-off in the electronics industry and he found that there was very little in existence - that the way in which military technology develops, the kind of ruggedness, the kind of over specification and complexity of it, actually made it extremely difficult to find ways in which one could exploit these for commercial diffusion. Within firms themselves that are involved in both civil and defence production the defence teams are segregated from the civil teams that work on research and development and there is very little transfer of knowledge let alone technology between the two groups and the divisions within certain companies. The main point about spin-off is the opportunities lost by not concentrating those resources in the civil side itself. If we had concentrated even half of that level of military R&D expenditure which is over £2 billion at present, we would actually have far more technological benefits and far more jobs as a result of that.

Something like 52,000 of Britain's scientists and technologists actually work on defence projects. Defence creams off our most highly skilled expertise in this country and has contributed to a dramatic shortage in skilled personnel in the high technology industries and this has created certain bottlenecks in new technology areas and exacerbated in general our technology performance. What I am arguing is that the procurement budget is a major force of intervention in the economy, which stands in great contrast to this government's laissez-faire ideology, but it is a sort of intervention that is defined by political priorities rather than economic priorities and has extremely negative economic implications.

The procurement budget is concentrated in certain key sectors such as Aerospace, electronics, engineering and shipbuilding, and these industries tend to be regionally concentrated. Aerospace and electronics tend to be concentrated in the south-west and the south-east, shipbuilding and engineering have been traditionally concentrated in Scotland and the north of England and in the Midlands area.

When major changes occur in procurement we see a situation in which local economies can be dramatically affected. In the South East at present we are (I'm located in the South East) are regarded as a very prosperous region. Some people argue that the M4 corridor, which is seen as a big growth area of the economy, is in fact a growth area because of the concentration of defence expenditure along the M4 corridor in the aerospace and electronics industry. Meanwhile, naval expenditure which has been decreasing over the last 20 or so years which is concentrated in the North has led to the devastation of northern communities and in many of the old warship building communities, we have unemployment rate of 20% and over. That's just to illustrate the way in which regional concentration of defence expenditure has a very profound effect at a local level.

So this is very much an issue which should be of concern to local regional governments.

One of the other arguments in the past which was put forward in support of defence expenditure was jobs.

I don't know if you remember, but during the 1983 General Election Heseltine actually used this as one of the big sticks against the Labour Party, arguing that if Trident was cut we would lose something like 400,000 jobs. Shock! Horror! shouldn't we all support defence expenditure because it maintains and creates jobs?

In fact, since 1963 600,000 jobs have been lost in the defence industry alone and that is at a time when we have had massive increases and growth in the defence expenditure. This is because defence production is extremely capital intensive and as defence equipment becomes more sophisticated and more capital intensive we procure less and less weapons for the same amount of money, particularly given that defence equipment costs have an inflation rate of 6 to 10 percent over the average rate of inflation on an annual basis which puts a dramatic upward pressure on the defence budget or alternatively causes massive cuts in procurement. The effect of this is to reduce the number of jobs within the defence industry and between 1984 and 1986 alone Bradford School of Peace Studies researchers found that 25,000 jobs were lost in that time alone and a recent brokers report by Scrimgeour-Vickers predicted that if present defence trends continue in terms of escalating equipment costs and the pressure that Trident is putting on the defence budget, 100,000 more jobs will go in the next three years alone.

So we can no longer look at defence expenditure as maintaining or creating employment. How long can we go on supporting the type of defence expenditure patterns that we have on the basis of the old arguments?

I think that we need to begin to look at the way in which defence expenditure and our defence posture has actually contributed to our general economic decline. This is an issue which does not appear to have been taken seriously in terms of the scale of which the defence expenditure distorts the economy. Now, what I would argue is that we need an urgent redirection of national resources into more socially useful areas of investment which would concentrate on job creation and on improving the competitive position of Britain. But, I think that the jobs issue has to be a main priority.

Local government has a very important role to play in this because defence plants are located within areas under the jurisdiction of local authorities and I think that the speakers who follow me will go into the ways in which local government can redress this situation and the various mechanisms such as investment, skill retraining, public procurement, etc, to which local authorities can contribute.

But, even for those local authorities which do not have major defence plants in their area I think that it is very important that they take up this issue and by putting pressure on the present government to redirect it's public expenditure patterns, which I'm sure you are already involved in, but putting pressure on this particular item of expenditure, because all expend does ultimately affect local government and it does ultimately affect the way in public expenditure is distributed. Because of its regional concentrations, if less defence expenditure was concentrated in the South East we may in fact have a release of resources in to those areas which at present have been marginalised and adversely affected by the present economic recession and government policies.  
Thank you.

#### RUSSELL FLEMING

I have been billed to speak on the wide ranging subject of economic and arms conversion initiatives with the object of forming a bridge between the problems associated with high levels of defence spending outlined by Sue Willet, and the suggestions which Phil Asquith will make as to how we might attempt to address these issues.

Clearly in the short time I have I cannot cover in detail everything which has gone on and therefore in an attempt to give an overview what I would like to do is use this thick volume as the focus point of my talk. Its a document which arose from the US Defence Authorisation Bill in 1985. Prior to the ratification of the budget for the US Department of Defence, the senators on the Defence Committee agreed that the Department of Defence should investigate the subject of arms conversion and report on their findings.

This volume plus three or four others is the result of the Pentagon's research. It is just one of a long series of books, articles and reports which have been produced over the last two decades. In fact one American author estimated that between 1961 and 1978 over 3,000 titles on the subject of arms conversion had been produced.

Therefore while it is clearly not a subject which has thrown itself at us from the pages of our daily papers, arms conversion still has a long academic tradition and what I would like to try and do is trace the salient points of its development through the examination of some of the strategies, and proposed pieces of legislation which have been attempted in the past.

When we try to define what arms conversion actually is I think we are talking about three main things. We are planning for disarmament which is the first and probably the most significant aspects of arms conversion. Secondly, we are planning for economic regeneration and finally we are planning to safe-guard the jobs of defence workers.

An additional consideration is the objective of planning to meet through socially useful production. Throughout my discussion of arms conversion initiatives, these objectives will be at the back of all the thinking although depending on the actual circumstances, each initiative tends to put a different emphasis on one part or another of the components of arms conversion.

The Conference programme states that the starting point for my talk will be 1945 but by that time a number of articles books and initiatives had already appeared.

Before and during the First World War, concern had been expressed about the impact of high levels of defence spending on the economy and somewhat later in 1931 the TUC identified that arms production was diverting resources from the economy and they instituted a study which was to report back. The trauma of the 1930s pacifist movement and the outbreak of war in 1939 has had a profound effect on the way in which the modern peace movement has developed but by 1945 and the end of the war the major problem was the conversion or re-conversion of munitions factories to the production of much needed civilian goods. Of equal importance was the demobilisation of six million men and women from the UK's war time armed forces. Remarkably this was achieved in about 16 months and unemployment stayed below 4%.

Frequently this reconversion from a war time to a peace time economy is used as a good example of the case for modern arms conversion but I take issue with this as the circumstances in 1945 were remarkable in a number of respects. Firstly there was a consumer boom and a demand for goods which simply could not be met. Secondly the planning did not result in a smoothly successful transition. Bevan clearly alluded to the problems when he stated that it would need an organisational genius to have simultaneously managed shortages in coal and food when Britain was built on coal and surrounded by seas filled with fish. The transition was not smooth and free of problems but it did in time achieve its objectives, simply because the transition from war to peace was an economic necessity rather than an academic theory.

In 1945 defence spending in the UK had dropped by 60% but by the early 1950s fueled by the Korean War and the start of the cold war it began to rise once more. A new peace movement began to emerge and the Labour Party embarked on a series of what might best be called 'robust debates' over the direction of its defence policy.

At the same time as changes were taking place in the political defence debate, change was also taking place in the developing UK defence industry. New strategies and circumstances allied to a company led acceleration in the technological pace of weapons development had resulted in the increasing specialisation of the UK defence industry. By the mid 1950s, many of the economic and other problems associated with high levels of defence spending and the diverting of scarce Research and Development funds into the defence sector were evident and recognised.

In the US over the same period up to the late 1950s, the development of a specialised defence industry was even more marked than it was in the UK with the addition of a fledgling space programme. However, by the early 1960s, a number of the foundations of modern arms conversion were laid.

In 1961, in a speech which marked the end of his second term as president, General Eisenhower proclaimed his now famous warning about the risks posed by the ever more powerful 'military industrial complex'. His speech echoed some of the fears of the early pacifist movement and pointed towards the threat of the arms industry fuelling the arms race rather than meeting the defence needs of the nation.

In the same year Seymour Melman, who has emerged as one of the modern arms conversion 'gurus', wrote a book entitled 'The Peace Race'. In it he pointed toward the objective of 'economic development with freedom'. He believed that 'world wide industrialisation to eradicate poverty' was the key solution. Contained within this book is the kernel of the theory of arms conversion as it was later to become expressed in the US.

1961 was a very busy year because in addition to the events I have already spoken about two other significant landmarks in the US development of arms conversion were to take place. US Secretary of State for Defence, Robert MacNamara instituted a defence review which resulted in the decision to close 73 military bases. The Pentagon recognised the impact which base closure on this scale would have on the communities affected and in response to political pressure it established the Office of Economic Adjustment. Based upon the assumption that the operation of a defence policy with a democracy relied upon the goodwill of the citizens, the Pentagon recognised that the closure of a military base would have a serious economic impact on communities which lacked a diverse level of economic activity unless, efforts were made to offset, or adjust the economic imbalance created by the base closure. To retain the broad support for its defence policy it became of some importance for the Pentagon not to alienate the public who potentially would be economically affected by the proposed 73 base closures.

The Office of Economic Adjustment was set up to address these problems. Its role was to carry out fiscal impact studies and to create tangible new economic opportunities from the facilities left once a base had closed. The OEA had, and still has a second function and that is to smooth relations between the Pentagon and the public when it became necessary to open new bases, such as the recent large new facilities required for Trident at Kings Bay in Georgia.

The OEA has operated from within the Pentagon since 1961 and the only major change took place in 1970 when its activities fell under the control of a Presidential Committee.

To get some idea of the work of the OEA the example of its activities at Kings Bay is useful. It carried out various fiscal impact studies and then helped to establish a local liaison committee whose function was to represent the interests of the community to try and ensure that they were not bulldozed by the massive demands of national defence. Under the powers of the OEA, \$34 million was distributed to community via the local committee, for the building and repair of roads, new schools, extending health care and police levels in response to the increase in population caused by the presence of the new base.

Therefore the function of the Office of Economic Adjustment is not to oversee or legislate for arms conversion with a view to reducing the level of defence spending and ultimately to work towards disarmament. Simply its function is to offset the impact of US military bases opening and closing and to try and ensure that the US public does not withdraw its legitimisation of the Pentagon's policies because their pockets have been affected by its decisions on military bases.

The OEA however has served to demonstrate that between 1961 and 1981 when 87,000 defence jobs were lost due to either base closures resulting from either MacNamara's review or the ending of the Vietnam War, it was possible to create 122,000 replacement civilian jobs in their place. Between 1981 and 1987 the process of base closure has slowed down due to increases in defence budgets but, the OEA has still managed to generate some offset jobs when cuts have had to be made.

For the purposes of our consideration of the arms conversion debate, the role and operation of the OEA is clearly of some importance. It points towards the potential for Departments of Defence managing the economic effects of their defence policies and significantly the OEA acts as a break-water between the nation's defence needs and the economic interests of a local community.

Outwith the institutionalised initiatives there have been a series of attempts to pass arms conversion legislation which has the objective of either reducing the level of defence spending to free resources for the wider economy and/or with the objective of removing the problem of defence employment from the disarmament debate. The first US legislation appeared in 1963 sponsored by McGovern and Mathias and in one form or another attempts to have a bill containing some of the elements of this first bill have appeared at almost every US senate session. The four main points of the 1963 Bill were these.

1. Advanced warning in the event of military base closure.
2. Financial assistance for workers affected by closure decisions.
3. The establishing of alternative use committees in every site involved with defence.
4. A National Defence Economic Adjustment Committee was to be established.

Contained within these four main points was also a clear commitment to retraining defence workers and the objective of reducing economic dependency on defence employment.

In 1984 Senator Mavroules proposed a less detailed form of the Economic Conversion Act which focussed on only two of the original four proposals. His bill supported the need for advanced warning in the event of changes in defence policy which would lead to job losses.

Financial assistance was to be given to workers affected by establishing a fund which drew its cash from defence contractors being required to give 1.25% of the value of defence contracts to it, and in the event of contracts being cancelled 10% of any defence budget savings should also be allocated to the Conversion Fund.

In terms of the funding of a bill of this kind, most of us will recognise that the reality of cancelled defence contracts is most often an increased financial burden rather than an opportunity to make savings. The example of the Nimrod fiasco comes most readily to mind.

In spite of these numerous attempts to pass federal legislation it has failed but at times only by the margin of a handful of votes. As we will hear from the Minnesota delegation, attempts to introduce economic conversion at a state level look as if they will be more productive, and in certain states initiatives are well advanced.

The lesson from the growing success of state level activity, in contrast to the slow federal progress, lies I think in the value of developing community wide recognition and support for the cause of economic regeneration, and the limiting of dependency on single site and single industries of which defence is a prime example.

Within the context of the US arms conversion debate we have reached the point where I started, which was the request made to the Pentagon to conduct an evaluation of the process of arms conversion and the large series of reports which resulted in 1985.

Like all seekers of wisdom the Pentagon began with the search for evidence and those of us who have been involved with arms conversion for some time have become used to the calls for solid examples to demonstrate that the theory can be turned into practice.

The Pentagon examined the evidence in the US, the UK, Germany, France, Italy and Sweden. It considered the success of the OEA but drew a formal distinction between the diversification of production and the saving of jobs within a defence manufacturer and the same processes as they had actually taken place as the result of closing military facilities. The Pentagon also considered the plans and strategies developed by trade unions and other bodies apart from governments.

To my mind the method of conducting this survey of the arms conversion experience had an unfortunate bias towards the role of governments and management rather than examining the plans of workers and communities who had developed the strategies, and whose livelihoods were at risk from the defence policies of governments and companies.

The starting point for the survey was to examine the macro level of government economic policy. This took the form of grading governments on a scale from interventionist at the one extreme, to laissez faire at the other.

The study of government attitudes showed the UK and France had little interest in legislating to offset any economic dislocations or employment gaps caused by the operation of their defence policies. In contrast traditionally socialist Sweden had developed a national conscience over the issue of defence spending, and had even commissioned detailed reports on the subject and gone further by requiring, in theory, that defence companies should give evidence of alternative civilian production, in the event of Government defence contracts being cancelled. The US report however rightly pointed out the problem of the Swedish attitude which recognises the need to reduce defence production but which still relies on the defence production capacities of its neighbours to meet some of its defence hardware needs. In effect Sweden is exporting the problem of defence manufacturing to some of its neighbours. However, the Pentagon survey did point towards the reality of Swedish companies mixing civilian and defence production more successfully than most other manufacturers and, gave the examples of Volvo and SAAB Scania. However, Sweden has still not imposed legislation suggested by a report conducted on their behalf which calls for greater efforts at diversification.

In their top down survey the Pentagon ignored a number of key elements in the European conversion debate. For example it documented the attitude of a traditionally interventionist government like West Germany but failed to give details of the plans put forward by the German Metal Workers Union or the growing influence and range of green politics.

In the UK a similar attitude was taken. The Pentagon report did spend more time analysing the peace movement and even referred to the strategies developed during the 1970s by the workforce at Lucas Aerospace to attempt to safeguard their jobs. Rather than approaching people like Phil Asquith or others who had helped to develop the plan and who recognised its weakness and its strengths, the Pentagon researchers approached the Lucas management for their appraisal of the plans strengths and weaknesses. Not surprisingly the response pointed only to failures and gave little indication of the successes which included the initial objective of saving jobs under threat. One of the very strengths of the approach taken by the Lucas Plan was that it called upon the workforce to develop new strategies and an alternative corporate plan to that of the company. The fact that this plan was proposed as an alternative one to the corporate strategy of the company possibly indicates the reason for the present managements hostile response to the inquiries from the Pentagon, and the method of approach adopted by the Pentagon.

The Pentagon ignored the movement which developed from the Lucas Plan and included the establishing of technical and research assistance centres at CAITS and UDAP and the growing support from initially reluctant trade unions to accept the issue of arms conversion as a legitimate strategy.

The initiative at Lucas spilled over into work at Vickers which has found a continuation with the Barrow Alternative Employment Committee. Other local plans include the Alternative Employment Study Group where work, which has been researching the impact of the Clyde Nuclear Bases of Faslane and Coulpport on the local economy and conducting wider research into the impact of defence spending on Scotland. There are also the initiatives set up by the Greater London Council and the fight to find new jobs at the Royal Navy establishment at Llangennech.

In addition to these local initiatives the UK Labour Party adopted, for the first time, at the last election, a series of policies which would have resulted in the funding and establishing of a unit whose function was to carry forward a series of policies based on the principle of arms conversion. Broadly these policies recognised the need for central support but identified the over-riding value of local involvement.

Against the background of research which I have outlined it may come as no surprise if I tell you that the Pentagon concluded this large report by stating that based on the evidence of the weighty research it had conducted, there was no proof that arms conversion either had a tangibly useful past or a positively valuable contribution for the US Department of Defence in the future.

I must admit that this conclusion did not surprise me as I felt that asking the Pentagon to conduct a study of arms conversion was a bit like asking a shark to write an impartial thesis on the efficacy of eating bathers.

I would like to conclude my contribution to this conference by repeating a point made by Inga Thorsson who has written widely on the subject of the relationship between spending and the economy. For a whole variety of reasons we should not expect our present very high levels of defence spending to be the norm. For example arms control talks of the kind presently underway could and hopefully will lead for the first time to reductions in the number of nuclear weapons. It is not inconceivable that in an atmosphere less charged with vitriolic rhetoric, the super powers and their allies may also work towards cuts in conventional forces.

We should also come to recognise that the economic arguments used in the past to justify high levels of defence spending have largely been discredited. Defence spending is not intended to prime any economic pump and even if it were, we have passed the economic point at which this kind of activity has any serious credibility, far less prospect of success.

However, if we wish the case for arms or economic conversion to be forwarded we need to recognise that in Britain today it has become easier to generate money than it has to create jobs. The lesson for the UK economy in the late 1980's based on President Kennedy's assumption that a rising economic tide lifts everything. If we are to have any success in achieving a few of the objectives of arms conversion then we may need to off-load some ideological baggage, and at the same time turn more to working on practical and realistic solutions. To do this we need to set up the structures and that is what Phil Asquith is going to talk about next.

KAREN CLARK

I'm limiting myself to about 5 minutes of giving you some legislative history and how we came to be an economic and arms conversion task force that could send a number of members here today - we have about another 15 members back home.

For me the work on this project began in the winter of 1984. I attended a national conference of state legislators and I had been a member of the peace caucus and met with one of the other state representatives, who at that time was the speaker of the Connecticut House of Representatives. They were working in Connecticut on developing some alternative use strategies for the extreme layoffs that were occurring in the shipbuilding industry. When I returned I was sitting around with a friend of mine who was a laid-off defence worker and worked at the same plant as Dan, and another friend who was a peace activist. We talked and I shared with them some of what Connecticut was doing and we began to wonder whether we might look at the issue of economic conversion in Minnesota and specifically at legislation.

I sent out a letter to individuals whom I thought might be interested, people in the labour movement, people who had been involved in peace activities, race, community organisations and so on. The way that I describe the response to that letter was like lighting a match, people were very interested, the time was right so we called a meeting and at that very first meeting, with some 20 people from around the area in Minnesota we decided to do state legislation to enact economic conversion. The first Bill that we drafted was very narrowly focussed, it was a Bill that focussed on conversion of defence related industries to alternative kinds of production, more socially useful production, it provided for state supported incentives to look at alternative use. It set up an agency within the state of Minnesota that required documentation of the effects of military spending on our state, and that turned out to be one of the most threatening parts of that legislation to give people information about what the effects of military spending was on our state - just that information!

During that Bill there were three factors that were very very clear. First of all was the breadth of support, the wide breadth of support that there was for such legislation. We had decided early on, and it happened as we worked, that there would be three sectors that really were key support for that Bill. The first was labour and the workers that were affected by the lay-offs that were occurring throughout Minnesota, not only the defence industry but in other areas. The peace community and peace activists who had been concerned about the military arms build up certainly were a natural part of that network and then the community at large who were being affected, very similar to the analysis that Sue was giving, with the huge domestic cuts that were coming in our State at that particular time and in our Nation. All of those different groups helped draft the Bill and did testify in support of it, we did have strong support from the trade union movement in our State, both the public and private sector groups who were feeling the effects of job loss and economic dislocation.

Secondly, from the peace community came very strong support. Also support came from churches and we felt that in our country, at least in our State, that kind of church base support was very important - it reaches a lot of different communities. Minnesota is a real community, about half of the population is urban. We have strong support also from anti-nuclear groups and other members of the peace community and lastly from the community at large. One of the very important sectors that became involved in this Bill was the agricultural community. We had lost and were predicting to lose within a 2 year period something like 13,000 Minnesota family farms, that's a huge loss that was happening throughout the nation and happening right there in Minnesota. We had support from Women's organisations, from the Mayor of our larger cities, from organisations that represented people of colour and poor people.

The second significant factor in that particular legislation, in that Bill, was the degree and intensity of the opposition that arose in the response to the Bill and it was mostly from large defence contractors. As I mentioned that first Bill was very narrowly focussed, some of the opposition became quite nasty, quite personal, at one point for example I was told in the Senate hearing that I belonged in the Gulag, in Russia. There was a lot of red baiting and lobbying against the Bill and eventually that particular piece of legislation was laid on the table with tied vote.

One of the most important things that I want to tell you about that Bill, and that was really important to us, is what happened at the very first hearing. The Bill was immediately expanded by an amendment in the Committee - from being so narrowly focussed on conversion of military dependent industries it became in our state a Bill that looked at providing economic assistance, alternative use planning to all declining and vulnerable industries. I consider that to be a real strength in terms of what happened, we weren't just talking about military dependent industries alone. It has really been what has kept alive and really made economic conversion relevant in Minnesota.

I think the third factor with the Bill was that we were able to advance as far and as quickly as we did in the legislative process. We were quite encouraged and in the spring and summer of the following year we decided to build the support deeper and the push for legislation again had been laid on the table. As you recall 1984 was the year of US elections in our country and so we were able to take the issue of economic conversion through the party process. We had support from the Minnesota Democratic party on the platform - a major victory. We had support from Minnesota AFL - CIO and the trade union movement in other areas. More support from the churches, more official support and sanction, more community groups came on board, we had a huge list of endorsers by the time the Bill was ready to be introduced again. We even tried to get some of the representatives of the defence industries to sit down with us. They did but they didn't sign under the Bill.

The most important thing I can tell you about what we did at that time though was to continue to broaden what the Bill was about. We had, I think, matured as a group and we were talking about economic conversion

as part of a larger strategy of economic development. I won't go into the details of the Bill, but I did bring a copy of it with me, it was called the Economic Renewal Act. We did not pass it as the Chairman suggested and the reason we didn't was because during the year that followed that President Reagan swept into office with a huge majority. That resulted in a change of control in the Minnesota House of Representatives and for the first time the Republican Party in our state took control of the House for the first time in 13 years. So it was very clear to me then as a legislator, that there was no way that Bill would make it out of any Republican controlled committee of the House that year.

So we got creative and instead of continuing to push for the legislation - although we continued to do a lobby we were able to get an amendment into our Senate, helped by Senate colleagues, which was still democratically controlled in Minnesota. In the end we were able to get a victory outside of the legislative process. What I'm talking about was the Commissioner of our Department of Energy and Economic Development, decided with his own authority to appoint an Economic Conversion Task Force, so if you can't pass it by law it helps a lot to have that kind of pressure built, built through the legislative process but in this instance taking the form of the Commissioner's own authority to appoint an Economic Conversion Task Force. He also agreed and was able to ensure that task force would have the financial backing of 2 major departments, his own department, the Department of Energy and Economic Development, the other the Department of Jobs and Training. That was essential. We could have all the theories that we wanted for economic conversion, but we needed to have the dollars to make the programmes work, the final commitment was to actually be able to use those dollars and to do model programmes. The commitment was to allow us to do up to 3 model projects.

In November 1985 the task force was appointed and began meeting. The Commissioner took our suggestions and appointed the people that we asked and it was the diverse group that you've seen a little sampling of today. We immediately embarked on a crash course of what economic conversion means in every way, on a local level and national and international level, and we are continuing to meet today. We've had successes and failures and I'm going to ask Mel Duncan to come forward and to share with you that particular process and where we are right now up to date. So Mel come forward and while Mel's coming forward I want to just introduce him a little bit. Mel's a person who probably more than anybody else on the task force has been the real guiding spirit. He's kept things going when we've had some difficulties, he has been largely responsible for getting us here today and for continuing a lot of the day to day kind of work that is so necessary to ensure that a state wide task force functions. I'm very grateful to him, very proud to introduce him. I knew him when he was first working on disability issues of the state legislature. He is now a staff member of

Minnesota 'Jobs with Peace' and he's going to bring you up to date on where the task force is today.

MEL DUNCAN

I know that we're running behind time, if you give us from the US a little time we'll take a lot, so I'll try to keep my remarks very brief so that we can get on to our Tea and Coffee.

The State economic conversion programme as it exists today is a very modest programme and I don't think any of us want to oversell what we are doing. What it provides is a series of economic development training assistance and various other forms of organisational and technical assistance to vulnerable or military dependent projects to convert to a more socially useful kind of production through the tripartite planning process that includes labour management and the affected community. I would like to say that we've had some ringing successes - at this point we have not. We had one project that was very close to approval that would have converted from the manufacture of anti-personnel land mines, the kind of things that are being sent to the Mid-East, to the manufacture of these ring binders, the kind that school kids carry under their arms, and we saw that as a tremendous, not only practical victory, but symbolic victory. Unfortunately the day before they were to be given final approval last winter their application was withdrawn. Our suspicion is that there was a tremendous amount of pressure that was exerted upon them by the weapon making producers in Minnesota. We also suffered another blow with the Honeywell Corporation, which has its international base in Minneapolis. It intervened in December and was almost successful in destroying the task force and the entire programme, taking the advantage of a change in Commissioners to lobby, to move rather quickly. We were able to survive that and to be transferred to a different department and in speaking with the new Commissioner one of the things that he said to us in terms of his rationale was that "economic conversion is deeply offensive to Honeywell and therefore I don't want to be a part of it."

That I think was a catalytic factor to us, in recommitting and realising that we were involved in something so significant and I, hopefully, will have something more to share in terms of practical experience in the next year or so.

In closing I would just like to say thanks to the people here in the United Kingdom, because as we were developing this often people would say, "well this is a pipe dream, where has there been any experience on this?", and over and over again we were able to point to the Lucas Aerospace experience and to talk about some of the lessons that you learned there and shared with us and for that we're deeply thankful.

Thank you.



AMIE WOOLLEY

have done a paper in which I spell out for your information, and perhaps for our legal departments, the kind of statutory powers that you do have available to you as local authorities to assist you in breaking into this area. This is at a time of course when Central Government is very keen on making sure that local authorities pursue only their conventional remits, and indeed is keen on masculating those remits as well. The four areas that seem to be identified are research, the provision of assistance, the co-ordination and pooling of ideas and resources and the issue of purchasing policies.

As regards research, I have identified the relevance of economic development to local authorities and then pointed to some specific research powers that authorities have. At first sight, there is a bit of a conundrum here: it seems that the defence industry is primarily located (and therefore major investment taking place) in the south of England. In contrast perhaps there is more political interest in the concept of conversion in other parts of the United Kingdom. I think it has been spelt out in another paper how conversion is of relevance to your own local authority. It is clearly relevant if you have got a factory next door that has got a problem relating to the run down of its business because of a run down in defence expenditure for whatever reason. It would also appear relevant if your area is suffering because there is no defence expenditure going into your area. I think you have got to demonstrate your justification for involvement in this issue with a great degree of care to make sure that it is not said that your interest and involvement is unreasonable or that your expenditure on the issue is basically unnecessary.

In the question of assistance I have not spelt out in the paper a great deal about this aspect because for those authorities that do have departments of economic development or employment the statutory framework is fairly well sorted out. It is a hotchpotch of odd statutory powers. The one major problem of course is finance, and specifically in England and Wales you would be relying to some extent on the twopenny rate power under Section 137 Local Government Act 1972. This of course is a power which limits the amount you can spend rather than a power entitling you to raise money. Many authorities have met the ceiling under Section 137, and have very little to spare for innovative projects, whilst the government have so far resisted the Widdecombe Enquiry's recommendation that the limit of the 2p rate should be increased.

In co-ordination, I have set out in the paper a number of ways that co-ordination can be achieved between authorities. It is very much a horses for courses area, depending on who you are going to involve, and what your precise objectives are, but there are a whole number of ways of achieving co-ordination. I think one of the crucial factors would be the extent to which you were involving outside bodies, and outside money, and the extent to which they wanted to be in the driving seat along with the local authorities themselves.

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On purchasing, I note that this would seem to be a mechanism for providing a market for new products. I think this is not strictly speaking my territory, that it is an extremely difficult and complex one to organise on the ground. You need to co-ordinate many authorities to get a sufficiency of purchasing power to create a new demand to substitute any of the defence items that you might be seeking to replace. The other thing to watch out for is that you may have a preference for a particular product, but it may not always be the cheapest or indeed the most effective, and you are going to have to make sure that if you plump for a product in support of creating a market for an alternative product that you can fit that four-square within the normal purchasing criteria of local authorities, that is to say the criteria of economy, efficiency and effectiveness. So your preference must again be well supported by conventional local authority standards and arguments.

#### PHILIP ASQUITH

Chairman, fellow delegates. Time isn't on our side so I've shortened my contribution. In any event the paper I have prepared does detail most of the background and the proposals for moving From Words to Action - the establishment of National Conversion Unit. What I don't cover in my talk is detailed in the paper.

The paper and this contribution has the optimistic title 'Moving from Words to Action'.

I think it's worth remembering in discussing how we might move from words to action on conversion, a series of T.V. programmes which were presented several years ago by the eminent historian AJP Taylor. He looked in six programmes at the causes of war through the ages. The very last sentence of his analysis in the series was very simple. 'The cause of wars is preparation for war'. Conversion is about preparing for peace.

\$25,000 per second are spent worldwide in preparing for war, hardly anything is spent preparing for peace. In a very moving article by Victor Sidel in the Lancet last year, it was pointed out that every other second a child in the developing countries dies unnecessarily because even a small amount of the resources devoted to the arms race can't be commuted to preventative medicine. What this means is that since this conference began there have been two unnecessary deaths of third world.

Sometimes people get a little tired of hearing dry statistics but another memorable statement from that article was that 'statistics are people with the tears washed off', and I think when we talk about what's in it for us in the West in moving towards conversion, we shouldn't forget the developing countries and the tears of those who are suffering.

I think the intellectual case for conversion is widely accepted, certainly by the people here in this room, and I think it's accepted by even economists of the right. I think we all know where we want to go, the key question, which you're about to answer this afternoon I hope, is how to get there and what can we do in our local authorities and other organisations with the resources we have. Although the resources in local authorities are squeezed at the moment, that's certainly true here, there is usually something tucked away that we can fall back on if we really find something that we want to resource.

We are now at the point in the conference where I think we have accepted the case for conversion and in the workshops this afternoon, we will discuss practical means of moving forward.

In terms of policy level, it's taken up to the mid-eighties, I would say about ten years to get conversion accepted in policy by the trade unions, various church groups, the TUC, Labour Party and so on, and various other organisations abroad. Even the present Government has

conceded some of the arguments for conversion. For example a couple of years ago it set up Defence Technology Enterprises to look at how technology could be transferred from military to civilian applicants. Also the Government has recently announced reductions in the military R&D budget, no announcement yet of the diversion to the civilian R&D budget.

We are looking at how to move forward from basically a broad acceptance in terms of policy of the arguments for conversion. Just before I went on to some of the things that local authorities might consider doing, the Lucas Aerospace Combine has been referred to several times so I can't resist referring to it myself.

During my time at Lucas which was ten years working on military and civilian systems, I was chairman of the Burnley site joint shop stewards' committee. In all of the various campaigns we fought at Lucas, we fought three redundancies in our factory, on the basis of the alternative corporate plan. Whilst Lucas never made any of the alternative products proposed at the time (everybody else took the ideas) we were able to prevent any compulsory redundancies.

Now its often said that the corporate plan failed because Lucas wouldn't take the products, it succeeded in its original objective of defending jobs, simply by taking the initiative from management. Now I'm not saying that could be repeated in the present climate but I think that's a crucial point I'd like to record. As far as the contribution of Lucas Aerospace management to the Pentagon report which Russell referred to, the combine was involved in recording an ATV discussion programme with shop stewards, politicians and Lucas Aerospace management, headed up by sir James Blyth, now Managing Director of Plessey and former head of overseas sales. The combine was winning the argument on the technical feasibility of the corporate plan. There was a power failure in the studio and like rabbits in the night the management of Lucas Aerospace slithered off in the darkness and when the lights came back on the M.P.s in the audience were talking to empty seats. That gives us an impression of how sure Lucas management were of their arguments. The programme was screened during prime television time.

Moving on, what can local authorities do to take conversion forward?

I think most people are aware of the various areas of support for conversion for example, the nuclear free zones have established it as a priority, the National Trade Union Defence Conversion Committee has been formed after a series of conferences and has organised a series more workers in the industry, there is an Arms Conversion Working Group which meets at the School of Peace Studies in Bradford, Labour Party policy 'Defence conversion and Costs' which Dick Caborn referred to has been published and we've heard a lot from our colleagues from Minnesota. There was also a massive International Conversion Conference in Boston several years ago which was a tremendous success.

So what we've got is a lot of different constituencies of support with different emphasis. Trade unions main concern is jobs I think, church

see peace in conversion and so on.

The problem that we have at the moment is that the constituencies of support are compartmentalised and resources are meagre. What we need is some sort of national co-ordinating conversion activities whilst respecting the autonomy of individual organisations; a centre where people can go to obtain much of the information on conversion that's about in this country and abroad - there are examples of success and some of those are being circulated in the conference material. I think the delegates who are here from Alterplan at RNSD in South Wales will certainly agree when I say that they are struggling, I think in more ways than one at the moment. There is a tremendous campaign being run down there, and there is all of this information, support and rhetoric at our level. But when workers are faced with a direct plant closure it is actually very, very difficult to forget this support into concrete help, and so in our discussions in Sheffield and beyond, one of the ways that we seen of moving forward is the establishment of a National Conversion Unit which would basically have two broad objectives.

The first objective of a National Conversion Unit (financed mainly by local authorities, trade unions and charitable trusts) would be to collect and disseminate information, advice and support, do research and monitor defence contracts. A local authority or a group of workers, trade unions, could go straight to the centre of the international information to find out what they want to know with the facility to access the various data bases around the world so that there is a one stop shop to go to for conversion information. I have been given permission to say and I stress that I'm not pushing a line here, is that the School of Peace Studies in Bradford is very interested in locating a unit here, but there are other locations as well.

The second objective of the Unit would be to give direct assistance to groups of workers in what ever local authority they might be in on specific campaigns. Now that is not to say the national conversion unit would pick up the show and run it, but basically the unit could give practical on the ground assistance and support.

Moving on from that, I think we can make progress at two levels.

There is the first level of what we can do here and now with the resources we have in local authorities. These are detailed in the paper and time does not allow repetition but just to give you a flavour, the first think that local authorities could do, wither with or without the assistance of National Conversion unit, would be to monitor what's happening to MOD procurement, very much what Sue was talking about this morning, so as to provide an early warning system. Its usually quite easy to predict when something is going to get cancelled and I think Nimrod has to be the classic example, so at the very basic level local authorities can do research to provide early warning systems. Also one of the essences of conversion is the development of alternative products. In Sheffield we have a fairly elaborate product development structure and this local authority is bidding to locate a National

Product Development Network in Sheffield. A charitable trust is part funding this product development initiative. The development of alternative products is a key aspect of conversion and councils can do a lot here. On fund raising. I know the Alterplan workers have had quite a lot of activity on fund raising and I don't think that they are there yet, - money is always short for workers in struggle and perhaps you could bear that in mind. Local Authorities could use their expertise in fundraising, particularly through the EEC to fund the development of conversion strategies. In paragraph 5 of the paper on 'from Words to Action' these are detailed and in the interests of time I won't go any further.

So that's one level of activity, which we can do here and now with a national government which I think most would agree is reasonably hostile to these kinds of initiatives. At the second level there were to be a national government more sympathetic to conversion, between now and then by taking these kinds of steps in local authorities, by establishing a National Conversion Unit or whatever you decide you want to do, we would be able to have three or four years hard experience of trying to put some of these strategies in action so we'd have an experience base, that that any nationally funded government organisation could build upon.

So I think there are these two levels we can operate on, the things we can do now in local authorities, think about setting up a national conversion unit and then think about the future as part of our economic planning. Really what I am trying to say is that conversion should be integrated with our mainstream economic development work and funded under existing budgets and anything we can pull in from outside.

To conclude Chairman, the proposal for a National Conversion Unit that we've put forward from Sheffield is contained in paragraph 6 of the paper. I have acknowledged the people who've contributed to the paper. The proposal that we've put down is as general as I've described. There was a temptation at one stage to try and get it all worked out with the costings and structures and so on, to put it to conference with the hope that we might be able to make progress quicker, but then a unanimous view came across that do to so would be pre-empting the decisions that we are asking you to make.

So the proposal to establish a National Conversion Unit is quite deliberately general and in the workshops this afternoon knock it about, tear it apart, throw it out, but please come back with something in its place if you dissent.

I'll conclude there Chairman. I hope that delegates have had a good morning, and come back with all the solutions this afternoon.

Thank you very much.

## WORKSHOPS REPORT

### FORMAT

The task of the workshops was to discuss key questions on what political steps could be taken progress conversion and integrate it with mainstream economic development activities. In particular, the workshops addressed the proposal from the morning plenary session on the value of establishing a National Conversion Unit.

Each workshop was recorded by the use of tape and a note-taker. The following report has been compiled from this record. As each workshop was asked to address the same issues, similar conclusions were reached on some topics of discussion. For this reason a composite report on all of the workshops has been produced by the Conference Rapporteur as opposed to reports on individual workshops.

A great deal of information and experience was revealed during discussions. Every attempt to produce a faithful summary of workshops has been made - obviously it was neither desirable, nor necessary to cover every detail. Copies of the workshop and conference tapes are available on request.

Inevitably, problems as well as solutions were identified. The task of the working group established by the Conference will be to look at these areas in more detail, in working up final proposals for action.

### CONVERSION

On the desirability of conversion as one of the measures necessary to promote peace, more jobs and prosperity, most delegates were supportive, although their organisations were not necessarily active in the conversion field.

The workshops discussed which should receive the greater emphasis in the development of future strategy - the economic or arms aspects of conversion. Also should conversion relate only to nuclear weapons, or conventional weapons too. What position should be adopted on conversion of the nuclear power issue, recognising particularly the sensitivity of some trade unions in this area? Differing views here.

The experience of the Minnesota State Economic Conversion Task Force related in the plenary session had been that the adoption of a general economic conversion brief (in addition to arms) had generated more interest and support, in a greater number of people. The initial 'arms only' conversion brief had attracted some hostility from those who mistakenly equated conversion with the total abandonment of defence policy. However, it should be remembered that the issues of military conversion are very specific and different to those of civilian industry diversification.

Whilst many trade unions and other organisations support conversion at a policy level, at the 'grass roots' people usually only become interested when it's too late to plan, usually following a job loss announcement. If there is no immediate problem, ordinary members show little interest in taking on 'unnecessary' work. Whilst many defence jobs are insecure they are seen as offering more security than the civilian jobs they are being encouraged to devise.

However the Minnesota United Auto Workers Union representative gave an example from his experience where the company had dropped its civilian work to concentrate on more lucrative military contracts, with the support of the workers. Later when some of the military contracts were cancelled, resulting in lay offs, these same workers became interested - to late to save jobs in converting back to civilian production. History has shown that, when nations begin to build up arms - for war, or under President Regans recent policies - there seems to be little difficulty in converting from civilian to military production. However as one of the Conference speakers pointed out, the Pentagon dismisses the feasibility of the reverse process.

### ECONOMIC ISSUES

The adverse effects of sustained high levels of military expenditure upon the economy and jobs which were presented during the morning session were accepted by all workshops. They accepted that conversion was an economic issue, not simply a peace issue, noting that the Ministry of Defence had a much greater effect on the economy than the Department of Trade and Industry. One in every ten manufacturing jobs is related to defence procurement - even a sticking plaster factory on Humberside is said to rely upon the MoD.

Some delegates felt that 'peace' initiatives, like the NFZ movement, had been given a bad press, designed to categorize the movement as 'fringe' and 'zany'. Workshops felt strongly the need to elevate the economic issues associated with defence spending from a fringe, into a mainstream public debate. In this respect economic conversion and its integration with orthodox economic development was felt to be essential, but some delegates warned against marginalising the arms aspect of conversion in doing so.

Given the acute dependence of many local authorities on MoD expenditure for local employment, it was surprising that on the whole Councils have pursued economic development in isolation from conversion and the potential effects of MoD contract cancellations. Some felt that economic development policies were determined mainly by local events with local authorities playing a reactive role, whereas conversion implied a longer term pro active approach to policy development at national level.

The potential for progress at local level was partly pre-determined by the history of local authority/trade union relations.

### INFORMATION AND EDUCATION

The workshops felt it very important to obtain more information about defence issues from the MoD itself and other sources, particularly concerning procurement and changes in procurement policy. The quantity and quality of information available was increasing and improving, but it was necessary to maintain and increase political pressure to improve the supply. Delegates familiar with MoD practices and sources of information expressed willingness to direct those unfamiliar to standard sources and provide source lists and advice on research methodology. It was important to impress upon Council officers the availability of information, such as the MoD fortnightly newsletter on contracting. Some information eg. register of MoD Quality Assured Companies, normally charged for, is available free through Members of Parliament. Information gathering does not raise legal problems for Councils in the way that other activities in this area might.

Detailed information can be obtained, with the correct approach, from shop stewards. Such approaches can also provide the opportunity to raise issues about the future workload in the light of procurement trends. Local Authorities can do this as sector research and form working groups with trades councils, shop stewards and other bodies.

Those familiar with defence information sources felt that it was not difficult to identify vulnerable contracts - a delegate from the Alterplan Conversion initiative agreed. The warnings of the vulnerability of RNSD Llannennech had been easy to see in advance - professional technical support was Alterplan's main requirement.

The MoD should be made more aware of the employment consequences of its actions. Alterplan felt that their campaign had bought time to act and plan, with their Council (Llannelli) wishing to buy the affected site from the MoD - interestingly Llannelli had previously turned a munitions site into a country park and an RAF aerodrome into a motor sports facility.

### NATIONAL CONVERSION UNIT (NCU) PROPOSAL

The consensus from the workshops was that the proposed NCU was a useful and logical development. However, two delegates felt that a centralised unit, probably based in England, could not practically contribute to the needs of their Scottish Local Authorities which could undertake the functions envisaged for an NCU themselves. Lothian is one of the few Local Authorities to have a formal conversion brief. Reflecting the majority view another delegate felt that the establishment of a central focus for co-ordinating conversion activities was imperative. There had been a number of conversion conferences over the last few years discussing the same issues and identifying the same obstacles. A practical initiative of the type proposed was essential to prevent more of the same, which could ultimately discredit the movement.

There was much discussion of the role, structure function and funding of the proposed NCU.

Key issues were:-

- (a) Situation: Should the unit be 'free standing' or attached to a compatible establishment organisation? The Centre for Local Economic Strategies (CLES) was given as an example of the latter. Other options discussed for situation included academic locations and local authorities - economic development units of at 'arms length'. In general the workshops favoured attaching the Unit to an established organisation but had misgivings about academic locations.
- (b) Structure: The detail of the Unit's structure (eg limited company) was not discussed. However the workshops focussed upon which organisations should be called upon to participate, in addition to local authorities.

There was a consensus that the NCU concept should have trade union support at as many levels as possible, support to include part-funding. This would help to ensure that the Unit would be rooted in the 'real' world. Wider support than Local Authorities and trade unions eg. from church groups, Charitable Trusts etc. was felt to be advantageous.

- (c) Function: There was a considerable amount of discussion in each Workshop around the key issue of function.

Should the Unit act solely as an information unit to provide 'early warning' of potential jobs losses through changes in MoD procurements or should it have an implementation role, working alongside affected locations? Was there, necessarily a connection between information gathering and action? The predicament of Westlands and Nimrod were known well in advance but the information did not lead to conversion action. Indeed, would an early-warning produce the opposite to the intended effect and produce a lobby for the retention of the threatened military contract?

The predominant view was that the NCU's primary functions should include information gathering and dissemination, co-ordination, profile raising and the provision of 'rapid access' for clients to specialist advice. Whilst delegates felt that the Unit would be able to provide information, support and some co-ordination of external resources to specific locations with a problem, such as Llangennech, the Unit's own resources - envisaged to be limited - would not allow it to take the lead in compiling conversion plans. Neither was this sensible or politically desirable as it would usurp the role of shop stewards, trade unions and local authorities. The U.S. Office of Economic Adjustment had begun with an early warning brief and had evolved a conversion and employment brief over the years. It would be advisable, and necessary because of anticipated limited resourcing, to begin with realistic objectives and aspire to expand.

## PROFESSIONAL SUPPORT AND TRAINING

A delegate from Alterplan stressed that the most important requirement for the Liangenech Campaign was professional technical support and business expertise such as alternative product or service development, planning, financing and marketing. The workers were at present having to raise substantial funds to buy in consultancy expertise from organisations not necessarily sympathetic to their objectives. Rapid access to these skills might well be provided more cheaply by an NCU.

These areas of expertise were the most relevant to local authority provision, but could not be guaranteed particularly by small or unsympathetic local authorities. Product development services were springing up all over the country and were to be Networked in January 1988, centred in Sheffield's Science Park. These services are linked to the subscribing organisations own business support services. This is only of a series of complementary resources which an NCU information base could be used to access. Some felt that the most important aspect of an NCU's work should be co-ordination of this kind.

In conversion work skill transfer and training were important. The NCU could provide an opportunity to bring disadvantaged groups into the labour market. As some EEC funding scheme give emphasis to these client groups and new technology, it should be desirable to make training part of the Unit's brief.

## FUNDING

Workshops felt that a 'cast iron' case for an NCU would be necessary before local authorities would even consider a subscription, given pressure on budgets and essential services. The difficulty of raising such funding should not be underestimated. The financial and legal constraints on the ability of Councils to fund were increasing. European, trade union and charitable trust funding should be examined, as should secondments. A prominent Charitable Trust has committed monies to the National Network of Product Development Agencies and is thought to be sympathetic to arms conversion. A 'Ploughshare Fund' based in West Germany provides small amounts of funding to conversion initiatives. The U.S. 'Jobs with Peace' raises funds in a variety of innovative ways, including mailshotting and funding approvals for particular projects. A fee paying/consultancy basis of operation for the NCU was suggested.

Finance for the initiative was seen to be the key area for progress, and perhaps the most difficult problem for the Working Group to solve. The more optimistic delegates felt that what little assistance Local Authorities could provide for this work would be better pooled so as to avoid duplication, maximise effectiveness and minimise resource requirements.

## The Economic Effects of Military Expenditure Susan Willett

Given the size of the UK's defence budget, £18.4bn in 1987, it exerts a considerable influence on the economy in a number of ways. As a major item of public expenditure it exerts a number of macro economic effects, influencing public finance, national technology policy, trade and growth. While through the procurement of weapon systems from defence contractors, defence spending has micro economic implications for specific industries, regions and local employment patterns.

Defence expenditure in the UK was relatively stable during the 1970's, followed by a rapid increase of almost 30% between 1979-86, which sharply increased the share of national output devoted to defence. The government has planned for a period of no growth in the defence budget from 1986 into the 1990's. However a no growth budget represents a decline in defence spending of 6% in real terms over the period 1986/90 which will contribute to an already over strained defence budget.

Although the Conservative government is committed to a strong defence posture, its defence expenditure programme has come into conflict with its overall commitment to reducing public expenditure. Maintaining high defence spending between 1979/86 with an overall commitment to reduce public expenditure, meant that other items of public expenditure, such as housing, health and education bore the brunt of public expenditure cuts, leaving the burden of deteriorating public services to local authorities and voluntary bodies.

Despite the MoD's no growth policy, the UK maintains the highest level of defence spending among the European NATO allies, both in absolute terms and on a per capita basis. In 1986/87 defence expenditure represented 5.1% of GDP a substantially higher proportion than the average European military expenditure of 3.5%. In a study of the economic effects of high military expenditure in OECD countries Professor Ron Smith at Birkbeck College has shown that those countries with high military expenditure such as the UK and the USA have lower rates of growth than those countries such as Japan and West Germany, which maintain low levels of defence spending. The reason for this is that military expenditure competes with spending on plant and machinery for civil production. Without such investment, existing plant and machinery become old and inefficient rendering companies less able to compete in international growth markets, thereby contributing to a slow down in economic growth, plant closures and job losses.

The work of Mary Kaldor at Sussex University has pointed to the way in which military procurement and in particular military R&D has distorted the economy's innovatory performance. In 1986 54% of UK public R&D went on defence in comparison with 37% in France, 10% in West Germany and just under 2% in Japan. In the UK a total of over £2bn will be spent on military R&D in 1986/87.

To remain competitive and to sustain industrial employment Britain has to invest in long term R&D to stimulate technological innovation in products for world growth markets. The UK's more successful competitors are investing in long term R&D in commercial fields such as robotics, bio-technology, energy, new composite materials, optical computing and associated software developments. Britain's investments in these technologies is alarmingly low, largely as a result of the government's poor support for civil projects in preference for defence programmes..

The research intensity of military projects is about 20 times that of equivalent civil products, and R&D accounts for approximately 30% of the cost of a major weapon system. The justification for the high R&D cost of defence equipment is based on the technological advantages of spin-off from the military sector. However a highly influential report produced by Sir Ieuan Maddock, for NEDO in 1983, found limited evidence of successful technology transfer between the military and civil sectors. Military R&D is more often than not isolated from commercial production experiences, while the rigid specifications of military research limit the scope for civil applications. Military technology tends to include ruggedness and performance capability rarely demanded of civilian goods. Added to this the development of defence equipment is concerned with product characteristics, rarely with development processes capable of diffusing innovations into mass production markets.

About 52,000 scientists and technologists work on defence projects. The defence sector attracts the cream of the technically skilled labour force as it provides work in exciting and prestigious fields. The absorption of the country's top scientists and technologists into the defence sector is arguably the greatest opportunity cost to the civil economy as it exacerbates an already acute shortage of skills in the UK's high technology industries. The drain on skilled manpower, particularly in electronics has been a major factor inhibiting the expansion of high technology industries and equally important, the take up and use of techniques in older industries.

About 45% of the defence budget, some £8,250bn, is spent on defence equipment purchased from British companies, making the MoD the single largest buyer from British industry. The MoD places 80,000 contracts a year with 10,000 companies. The scale and content of the MoD's procurement makes it a powerful force of intervention in the UK economy. Key high technology companies and industrial sectors have adapted themselves to operating in the defence market, which is markedly different from civil commercial markets. They have developed organisations, structures and operational procedures geared to dealing with the military bureaucracy. Ex-service men or MoD personnel are recruited into key management positions in order to take advantage of personal contacts in securing lucrative defence contracts. Few of these top managers have the commercial experience required to operate successfully in civil markets. Thus the structural orientation of many of the countries top companies towards the defence market mitigates against commercial diversification and limits the scope for employment generation.

Just over half of the MoD's procurement budget is spent in two major industries, electronics and aerospace. About 20% of the total output of the electronics industry, and 40% of the output of the aerospace industries are accounted for by MoD procurement. Vigorous and self-sustaining high technology industries are essential to the UK's economic future and employment prospects. The inability to reverse the trend of industrial decline and to diffuse and commercially exploit high technology, stems from the high level of defence dependency of major high technology companies such as GEC, Plessey, Racal, Ferranti and British Aerospace.

The concentration of these industries in certain geographical localities, such as the South-East and the South West makes these regions particularly vulnerable to changes in defence procurement policies. A historical example of the devastation cause by the regional decline of a defence sector can be found in the communities of the North East and

Scotland were once the warship yards provided full employment and relative prosperity, now replaced by urban decay and unemployment rates over 20%.

High defence expenditure has not even been able to maintain employment in the defence industry itself. Since 1963 some 600,000 jobs have been lost in the defence industry which has become increasingly capital intensive as defence equipment has become more complex and sophisticated. A no growth defence budget has led to an escalation in job losses in recent months. Between 1984/1987 25,000 defence workers were made redundant the majority of these job losses taking place in the South East.

Military equipment is caught up in a spiral of escalating costs. The MoD specifications are very demanding and rigid which results in high costs of production. The effect of high unit costs is to reduce the numbers of items purchased by the MoD with the consequence that each item of equipment has to fulfill an ever increasing number of functions resulting in more complex; more sophisticated weapon systems. Enhanced features add to the costs resulting in an average unit cost increase of between 6-10% per annum above the rate of inflation.

The escalating equipment costs have created a serious defence budget crisis, which has been exacerbated by the spending build-up on the Trident Missile programme. By 1988 Trident will absorb 11% of the equipment budget at a time when the overall defence budget is being reduced in real terms by 6%. This has caused a major funding gap which has forced the MoD to cut back orders for conventional defence equipment.

In an attempt to avoid the cancellation of major programmes, the MoD has spread the reductions across a range of contracts, on a rolling basis, over a number years. But this salami slicing has not been able to save the required amounts. Several major contracts have been cancelled or paired down, such as the Nimrod AEW system which was cancelled in December 1986, the Type 22 and 23 Frigates programmes which have suffered a sizeable reduction in orders and the Tigerfish heavy weight torpedo programme which is under review for cancellation in the near future.

The net effect of these cuts has been a dramatic escalation in the number of defence jobs being lost. According to a recent stockbrokers report a further 100,000 jobs are likely to be lost over the next 3 years if present defence spending trends continue.

Specific defence contracts have created employment in certain locations but the security associated with defence employment is now a thing of the past. But perhaps the most crucial employment issue linked to defence expenditure are the opportunities lost in other sectors of the economy due to resources being channeled into defence procurement. For instance if the same amount of expenditure was to be transferred to other parts of the public sector for every ten jobs maintained in the defence industry, 13 could be created in the national health service and the construction industry and 15 in local government.

Clearly within the context of the present economic crisis there is an urgent need to re-examine the priorities within government expenditure and to redirect the resources and technological effort of this country into areas that more directly benefit the economy and the population as a whole. For too long defence expenditure has acted as an unofficial technology policy governed by the demands of the defence market. Great scientific minds and the expertise of our skilled labour force have had little choice but to meet the requirements of military



demand. There are many environmental and social needs that urgently require technical solutions, which not only have the potential for greatly enhancing the welfare of this nation but could also open up new markets and potential for economic growth. This would require substantial reduction in defence expenditure and a planned transfer of the saved resources into key civil technology areas to stimulate innovation and create employment. This would require local regional and national government initiatives aimed at coordinating defence conversion and innovative policies. Defence conversion must come to be viewed as an integral part of economic planning and technology policy rather than an adjunct to them.

Defence conversion and diversification provides an alternative to jobloss in the defence industry. If diversification is planned well in advance it can offer an opportunity for local economic regeneration and employment growth. Local government has an important role to play in the conversion process through its local economic intervention strategies providing investment incentives in new technologies, skill retraining programmes and perhaps most importantly guaranteed markets. Local government purchasing policies could be a powerful force in the conversion of defence facilities if coordinated with local conversion initiatives.

Even for those local authorities with little or no defence production in their local economies defence conversion should be recognised and supported as a crucial element in local governments fight to secure greater resources for economic regeneration and for the provision and maintenance of local services. While this country continues to maintain high defence expenditure there can be no foreseeable or sustainable economic recovery capable of generating employment or growth. And while defence procurement continues to concentrate resources in the South, the North/South divide will continue the polarisation of the UK economy.

## The Development of Arms Conversion Theories

The purpose of this paper is to try and outline the development of arms conversion from 1945 up to the present. The subject, as will become clear, is much larger than might first be assumed and space will limit the detailed description of the full development of the inter-related strategies which fall under the heading of arms conversion.

Arms conversion has come to mean a number of different things to different people and at times it has almost developed a mystic. In short and with no additional flourishes arms conversion is a logical and fairly straightforward process which forms a bridge between disarmament and economic regeneration.

Having said this however, arms conversion is not, on its own, an economic panacea which will revive the flagging economic fortunes of late Twentieth century Britain, nor is it the main strategy which will secure either cuts in defence spending or nuclear disarmament.

Arms conversion is simply one of the mechanisms which will be vital if arms reductions and cuts in defence spending are to be achieved. Under the present political climate, its main aim is to redress the fears of those workers in the defence industry whose jobs would be lost if nuclear disarmament or planned cuts in the defence budget were to take place.

A further, and no less important aim of arms conversion, or as it might be more aptly described, 'diversification of production', is to redistribute the resources and skills released by disarmament and using them for socially useful purposes. Within this context the range of what might be defined as socially useful is almost endless but a good starting point might be the creation of employment where otherwise none might exist.

When we come to trace the development and application of these strategies a reasonable starting point is the end of the second World War when almost 12 million British service personnel had to be released from the armed forces and a war economy designed to mass produce munitions had to be converted to meeting the under ranging needs of a peace time economy.

Nation states accept without demure the management of a nations resources during a war and by 1945 plans had already been made for the management of the conversion to peace. The Labour Government accepted without question the notions of paternalistic state intervention in almost every aspect of the economy and used as its yardstick for change the ideal of creating opportunity.

Since 1945 Governments in Britain have adopted a range of attitudes, sometimes all at once, concerning the impact which defence planning has on the economy and the extent to which government is responsible for its management, measurement and the jobs lost or generated. The defence of roles, the defence of jobs and the defence of the realm are at certain times co-terminous and at others, for example when TSR2 and Nimrod were cancelled, higher defence values are called upon.

The present government, like its predecessors does not recognise the need for any form of conversion planning and in fact has adopted a less interventionist veneer in its management of the large defence budget. In effect, the economic effects of defence spending and the management of the defence budget are treated as if they were responses to remote market forces rather than being the direct consequence of the political management of defence policy. Therefore, defence workers have increasingly been made redundant and the government has accepted no responsibility through the direct agent of its defence policy.

In other countries the various effects of defence spending have been recognised at in certain limited respects, managed rather better than in Britain. Although the US is usually the 'bête noire' of the UK peace movement, it has surprisingly operated a limited form of arms conversion from within the PENTAGON.

When the Vietnam war ended, the US had a huge overcapacity in arms production. To deal with this problem it first recognised and then accepted the responsibility of government for managing the conversion of plant and obsolete military bases to a productive and viable civilian re-use. In effect it was a scaled down version of the return to the civilian economy in 1945.

The results were generally excellent. Military bases were closed and munitions plants contracted and in their place, planned and promoted by a partnership between the workforce, central and local government and the community, schools, airports, colleges and new factories flourished.

Defence workers were retrained in most instances, where one military job had existed, two civilian ones were created.

Today, within the Pentagon, and Office of Economic Adjustment still exists. Its prime function is to ensure that the armed forces are able to 'smooth over' any problems caused by the closure of facilities or the developing of new ones like the Trident Submarine Base at Kings Bay in Georgia. Unlike the British Government which shrouds its Trident development in a combination of aloof non accountable legislation and secrecy, the US Government accepts it has a primary role in ensuring that the defence needs of the nation do not ride 'totally' roughshod over the local employment and economic interests of communities where defence facilities are opened or closed.

While we might wish that a British Government might adopt some equivalent to the US Office of Economic Adjustment ( the Labour Party proposed a variation on the US theme) it is important to recognise that the existence of such a body in the US has not and indeed was never intended to lead to positive plans for cutting defence spending and working towards disarmament. Under President Reagan, quite the reverse has in fact happened.

A different form of legislation which attempted to promote diversification of production and at the same time cause a shift in the size of the defence manufacturing base took place in Sweden. When defence contractors won a government contract they had to prove that in the event of cancellation they had alternative civilian plans which would ensure employment for the workforce and at the same time maintain a civilian orientated strand within defence contractors.

While the extent to which specialisation within defence production has largely precluded the kind of civilian diversification which the Swedish government had hoped might be retained, it should not overshadow the potential value of this kind of legislation.

So far we have focussed on the attempts of two governments to legislate against the effects of job losses which result from the operation of their defence policies. However, what the legislation alone does not do is to promote the objectives of reducing defence spending and re-allocating cash saved in a more beneficial way. This theme appears regularly in the Policies of Trade Unions throughout Europe and frequently in the writing of the peace movement. Adding substantial weight to these theories, the United Nations in 1982 produced the results of a wide ranging series of studies into the effects of defence spending and the implications of disarmament and broadly supported the case for wide ranging and planned cuts in defence spending to aid economic regeneration.

Planning for disarmament and cutting the presently high levels of defence spending must involve some form of arms conversion or planned diversification of production. Even within the present context of a UK defence budget which is overstretched there exists a strong case for the government to manage the economic consequences of its defence policies in a more honest and beneficial way.

If on the other hand our objective is to achieve disarmament, then some form of arms conversion is needed to help free the debate from the presently inter-woven issues of defence related employment and the often announced benefits of high levels of defence spending.

Within the constraints of present government attitude towards the beneficial effects of defence spending it is still essential that the ground for the future is prepared by trying to gain a better understanding of the relationship between national defence objectives and local economic needs and between the defence budget as a supporter of jobs and as a burden on economic regeneration.

The lesson on the last forty years is that although arms conversion has had a limited practical application in times of peace its re-assessment for the future could be crucial for the long term process of achieving cuts in European defence budgets.

Russell Fleming  
September 1987

#### Local Authority Conference on Economic and Arms Conversion

Town Hall,  
Sheffield  
22nd September, 1986

#### WHAT LEGAL POWERS DO AUTHORITIES HAVE TO IMPLEMENT CONVERSION STRATEGIES?

The strategy would appear to involve:-

- i. Research: Identifying companies with MOD contracts and other defence-related industries in the area of the authority; assessing the number and the nature of the jobs involved; providing an early warning of local economic and employment indications of the loss or termination of contracts.
- ii. Assistance: Providing assistance to companies and workers to prepare alternative proposals.
- iii. Co-ordination: Of authorities' initiatives and of companies' activities across different plants and companies.
- iv. Purchasing policies: Consideration of whether joint purchasing policies can create the possibility of markets for alternative products.

As regards

#### i. Research

(a) Section 6 of the Town and Country Planning Act, 1971 provides that it is the "duty of a planning authority to examine and keep under review matters which may be expected to affect the development of the area." Such matters include "(a) the principal, physical and economic characteristics of the area of the authority ... and so far as they may be expected to affect that area, of any neighbouring area."

A planning authority has a legitimate interest in the economic characteristics of its area and the impact of a change in defence procurement policies or the impact of changing capital:labour ratios in that sector at a local level would be a proper matter for an authority to concern itself with.

For these purposes a planning authority is a County Council in non-metropolitan counties and a district council in the areas of ex-metropolitan counties.

(b) Section 88(13) Local Government Act 1985 provides that a metropolitan district council may investigate and collect information relating to "any matter concerning that area, or any part of it" and make such research and information available to the public.

Section 141 Local Government Act 1972 provides county authorities with a similar power of research and publication.

Non-metropolitan District Councils are not equipped with relevant planning, research and information dissemination powers as above and may have to resort to the use of Section 137 Local Government Act 1972, in the absence of any other appropriate power, combined with Section 142 Local Government Act 1972 enabling publication of information relating to any research carried out under Section 137.

These powers would equip an authority to research and make the benefits such research available to those concerned.

Relevant to early warning arrangements may be the fact that local authorities can also through various powers finance law centres and advisory centres to advise workers on their rights. In particular those rights regarding a firm's obligation to consult with unions when serious consideration of making redundancies arises may be relevant. EEC directive 75/129, upon which Part IV of the Employment Protection Act is founded, is wider than the Act which purports to implement the directive and is perhaps not sufficiently taken advantage of. The directive provides for consultations with workers and trade unions in advance of making of redundancies.

(ii) assistance Local authorities with Employment and Economic Development Departments should now be fairly conversant with relevant statutory powers. A number of powers exist to assist in the provision of infrastructure, buildings etc. Vocational and industrial training can be provided under Section 41 Education Act 1944. Generally financial assistance to develop and research products will depend on the use of money whether by way of loan or grant pursuant to Section 137 Local Government Act 1972. In the present climate only modest amounts of money will generally be available in such circumstances.

Polytechnics and Universities may provide a separate and technically more relevant source of assistance in the development of ideas and alternative products.

3. Co-ordination. Local authorities may combine to undertake joint activity in a number of ways;

(a) by joint arrangements under Section 101(5) Local Government Act 1972 which do not take the form of a Joint Committee, eg. a standing conference of local authorities to service which a number of employees may be seconded from relevant authorities;

(b) by Joint Committees under Section 101(5)(a) and 102(1)(b) Local Government Act 1972;

(c) by the provision of services under reciprocal arrangements under Section 1 Local Authorities (Goods and Services) Act 1970 between a number of authorities;

(d) by the creation of agency arrangements under Section 101(1)(b) with or without the provision of staff by one or more authorities under Section 113 (in both instances under the Local Government Act 1972);

(e) by the creation, where there are adequate reasons justifying this, of a new corporate body eg. a company limited by guarantee, in reliance on Section 111 Local Government Act 1972;

(f) by the establishment of an appropriate association pursuant to Section 143 Local Government Act 1972.

As between the various options above,

(a) may provide a certain amount of procedural flexibility which (b) and (c) might not

(b) would allow the co-option of one-third of the membership of a joint committee to be made from non-Councillors and any sub-committee of any such joint committee could consist wholly of co-opted members who are not councillors

(f) might be appropriate where it was desired to involve non-local authority participants and the representatives of others providing finance on an equal basis with councillors (see for example the Local Government Information Unit)

(g) may give less scope for activity as it exists primarily for purposes of consultation and discussion between authorities (see section 143 Local Government Act 1972)

Purchasing Policies: Authorities may through joint purchasing arrangements be capable of providing the market for new products, although this would be an extremely ambitious endeavour. Any such products would have to meet a real rather than artificially created need, and be competitive with other similar products applying the usual criteria for competitive tendering incumbent upon local authorities. These criteria could however in some instances be relaxed, where a decision to purchase a particular product which was not necessarily the most competitive on price, could be justified if it assisted in some other fashion eg. the recouping of a previous investment or provision of financial assistance to a company, the preservation of a company in the locality as a continued source of rates etc. In the present climate such initiatives will be difficult to stimulate and co-ordinate.

J. K. Woolley,  
Sheffield City Council.

18th August, 1987

JKW/JS

## PURPOSE OF PAPER

1 The primary objective of this Conference is to move 'From Words to Action' by examining what practical steps Local Authorities and other interested organisations can take to develop economic and arms conversion strategies.

2 This paper does not attempt to make a comprehensive case for conversion. The case is well documented, is formal policy for political, trade union and peace organisations in the UK and abroad, and is the subject of accompanying conference papers. However, some background information and a summary of recent events has been provided for the benefit of conference delegates who are not completely familiar with the subject and to provide the context for proposals for progress.

3 The purpose of this paper is to set out some preliminary proposals for the establishment of a National Economic and Arms Conversion Unit as a practical means of developing this crucial area of work in the context of an overall economic and employment strategy.

4 The proposals are not intended to be definitive and criticism, discussion and alternative proposals are welcome.

## BACKGROUND

1 There is nothing mysterious about economic conversion. Broadly speaking it is the transformation of the design and manufacturing process from one product, to another, using similar manufacturing material resources. In recent years, using similar human and conversion has assumed a more specialised meaning for those concerned with disarmament and employment - Arms Conversion. However it is crucial to retain Arms Conversion in its overall economic context as it is impossible to separate the defence sector and the massive resources it pre-empt from the rest of the economy.

2 The adverse effects of sustained high levels of defence expenditure on the economy have been known for many years, but it is only over the last decade that these issues have become prominent. For example as far back as 1956, The Economist warned that,

'The heaviest cost of defence to the British economy.... is not the 10% that it takes of National Income.... it is the 60% that defence pre-empt of all the resources this country can assemble to invest in technological progress'.

3 Similar sentiments were expressed by Dwight Eisenhower in the same year,

'The problem in defence spending is to figure how far you should go without destroying from within what you are trying to defend from without'.

4 Given the serious burden and 'opportunity cost' which defence expenditure has imposed upon the economy it is perhaps surprising that the issue has only comparatively recently surfaced onto the political agenda.

- 2.3 Mention of the word 'Conversion' to the British Labour and peace movements in the early 1970's simply drew 'glazed' looks or conveyed religious connotations. Now Conversion is an integral part of the economic policy of most major trade unions and the Labour Party, although such work remains to be done at grass roots level.
- 2.6 Why then has the last decade seen Conversion rise from obscurity as a political issue in Britain to prominence on the political agenda? There are several major reasons for this which include growing fear of nuclear war, spiralling world expenditure on arms resulting in widespread deprivation and starvation, and structural unemployment in the arms of industry and beyond. It is perhaps the latter, the jobs issue, and the loss of jobs in the arms industry even with a rapidly increasing defence budget that has compelled the labour movement in particular to look seriously at Conversion and the adverse effects of high levels of military expenditure upon the economy.
- 2.7 Defence workers are caught in a 'Catch 22' situation. They are faced with job losses with an increasing defence budget owing to cost inflation, the increasing capital intensity of the industry and other factors. They are also faced with job losses with a standstill or reduced defence budget owing to project cancellations, the most recent being Nimrod. Conversion planning, therefore, is necessary whatever is happening to the defence budget.
- 2.8 With the notable exception of the 1987 General Election campaign the Labour Party has generally been associated with a policy objective of defence expenditure reductions whilst the Conservative Party has generally advocated the reverse. It follows from (2.7) that Conversion planning is necessary whichever party is in government. It should be stressed that Conversion is not synonymous with defence cuts and is perfectly compatible with an effective defence policy. (A Republican member of the US House of Representatives Armed Services Committee, for example, is a prominent proponent of Conversion legislation).
- 2.9 As indicated above, defence expenditure has a major effect on industry and some regional economies. The Ministry of Defence is the largest single customer to British industry and the largest single source of Government R&D. With a budget of over 18,000,000,000 in 1986 it has been stated that the Ministry of Defence has more influence over the British economy than the Department of Trade and Industry.
- 2.10 Despite this enormous influence, very few Local Authorities have any assessment of the role which current and proposed defence expenditure has on the present and future performance of the local economy. Neither are there any mechanisms for intervention in the context of local economic development and planning.

### 3 RECENT DEVELOPMENTS

- 3.1 The last several years have seen a number of important conversion developments in different arenas.

The National Conference of Nuclear Free Zone (NFZ) Local Authorities in March this year established Conversion as a priority for policy development to be linked to the general work of Economic Development Committees. It has suggested a number of actions which local authorities could take from sector research to co-ordination of activity across the plants and companies in a region. The conference also noted that

'relative to defence conversion thinking, nuclear power conversion is a chronically under developed area - NFZ authorities could therefore play a key role in stimulating work in this crucial area'.

A series of regional, national and international conferences have been held by trade unions with members in the defence industries. These have been well attended by rank and file members and the National Trade Union Defence Conversion Committee (NTUDCC) has been formed to develop Conversion. The activity of Trade Union CND has expanded, devoting much work to Conversion. The TUC has formally supported conversion for a number of years.

An informal Arms Conversion Working Group of activists has been established, meeting at the University of Bradford's School of Peace Studies. Amongst other activities the Group played a significant role in developing 'Defence, Conversion and Costs' (3.5).

'Defence, Conversion and Costs' was agreed by the Labour Party Conference in 1986 and represented the culmination of several years of policy development. It is the most detailed of policy statements so far and sets Conversion in its overall economic context stating that

'planning for defence industry diversification and conversion is an essential part of our economic policy' and

'Labour will establish a National Agency for Industrial Conversion and Recovery under the Secretary of State for Trade and Industry'.

A series of groups, organisations and initiatives which include the Alternative Employment Study Group (Dumbarton) and the Greater London Conversion Council have formed and to work on these issues. 'Alterplan' based at the Royal Naval Stores at Llangennech has formed to examine means of protecting jobs at the Ministry of Defence facility ear-marked for closure.

Several local authorities have funded organisations to develop alternative products. A National Network of Product Development Agencies part-funded by Sheffield City Council and the Barrow and Geraldine S Cadbury Trust, is being formed to co-ordinate activity across more than 40 organisations.

At an international level there has been much activity including the 750 delegate First International Economic Conversion Conference held in 1984 in Boston, Massachusetts. More recently the 'Jobs with Peace' campaign in the state of Minnesota has succeeded in making

major gains to begin the process of economic conversion through the state Economic Renewal Act. It is hoped that some of the politicians and activists responsible will be able to attend this Conference.

#### 4 THE PROBLEM

- 4.1 Sections 2 and 3 of this report indicate the increased understanding and growth of conversion support and activity which has occurred over the last several years.
- 4.2 Whilst there is overlap between the constituencies where support for conversion has grown, it can be seen from section 3 that there still exists a 'compartmentalisation' around the different bases of support which reflects natural areas of interest and emphasis eg trade union base, peace movement, Labour Party, individual plant initiatives, churches, local authorities etc.
- 4.3 The problem which exists at the moment is the absence of a national (and international) mechanism to provide central support, information, advice and co-ordination of conversion activity.
- 4.4 The absence of such a specialist organisation has created two major problems:-
- (a) Information, advice and support for those developing conversion strategies, particularly at plant level (eg Llanganec) is difficult to access despite the wealth of information and experience which undoubtedly exists in this country and abroad. As a speaker at a recent NTUDCC Conference put it,  
*'We can talk for hours and hours about diversification in the factories and shipyards and then someone says "what the hell do we do?"'*
  - (b) There is no prestigious national 'centre of excellence' to lobby government and other bodies for measures to facilitate a coherent national conversion strategy. Whilst the activity remains fragmented the impact will remain less than the sum of the parts.
- 4.5 The economic problems which stem from high levels of defence expenditure will continue to grow. The Ministry of Defence is facing a major procurement crisis with consequent problems for those firms, workers and localities dependent upon defence contracts. City brokers Scrimgeour Vickers estimate that the government's defence policy could cost up to 100,000 jobs over the next few years.
- 4.6 For local authorities which have defence contractors within their boundaries the implications of 4.5 are serious for jobs. Early warning studies to assess the impact of defence policy could be carried out right away with assistance from defence researchers.
- 4.7 For local authorities with little defence contracting in the area conversion is still a serious issue because of damage done to the

economy by high levels of defence spending (see Susan Willett's paper). This affects unemployed people and non-defence workers as well as defence workers. Moreover it has been argued recently by Michael Breheny (University of Reading) that defence expenditure is a form of regional policy.

- 4.8 Breheny argues that defence contracts and regional aid are comparable because 'they are both central government payments to private industry, one in the form of contracts, one in the form of incentives'. Defence spending runs at 572 per head in the South-West, 355 in the South East and 136 in Northern Regions compared with a national average of 275 per head. Over 65% of defence jobs are in the South-East and South-West.

- 4.9 Labour Research (October 1985) after a detailed study of the evidence concluded:

'the policies of the present government in increasing defence spending and cutting other forms of spending, are having a direct effect in reinforcing regional inequalities. A shift away from defence, and towards greater public spending on other services overall, would have very positive regional as well as national effects'.

- 4.10 The Sheffield 'Jobs Audit' indicated that a planned switch of a given amount of expenditure from defence to public services could produce up to a four-fold net gain in jobs. It is likely that the new jobs created would favour the more disadvantaged groups in the employment market.

- 4.11 For these reasons, and others, local authorities with little or no defence activity in their areas have a vested interest in supporting conversion

#### FROM WORDS TO ACTION - A NATIONAL ECONOMIC AND ARMS CONVERSION UNIT

- 5.1 A Day School on Arms Conversion was organised by the NFZ National Steering Committee on 13 September 1985. Delegates from local authorities appeared to accept the case for conversion but seemed unsure what Councils could contribute to initiatives in this area.

- 5.2 Since that time thinking on the role of local authorities has developed considerably, particularly within the NFZ movement. Proposals on what local authorities could do include:-

- a) policy development by linking economic and arms conversion to general economic development and planning work,
- b) conducting sector research and monitoring contracts to predict the local economic and employment implications of changes in Ministry of Defence procurement,
- c) assisting companies and their workers in the development of alternative corporate plans, products and marketing strategies,
- d) offering assistance and facilities as an enabling organisation to co-ordinate conversion activities across plants and companies in a region,

- e) acting as a link to other local authorities, regional enterprise boards etc to enable coherent planning of interventions and resources,
  - f) using fund raising expertise for specific activities eg SPRINT (EEC) for product development, technology transfer, funding conferences with a European dimension.
  - g) provision of packages of assistance and advice ready for implementation.
  - h) liaison and lobbying for policy and project objectives through formal local authority organisations.
  - i) assistance with publicity and promotion.
  - j) provision of specialists (eg economists, engineers, planners accountants) for specific pieces of work.
  - k) using purchasing power to provide a market for alternative products.
- 5.3 The Conference workshops will expand on this list and put forward other suggestions for development.
- 5.4 Whilst there is much that individual local authorities can do to take forward conversion by integrating conversion activities with mainstream employment and economic development activities, many feel that a National Economic and Arms Conversion Unit would provide a valuable means of co-ordinating activity and support to the work of Councils and other interested organisations. As a starting point for discussion however the following is proposed.
- 5.5 The primary objectives of a National Conversion Unit (NCU) would be the provision of a small central organisation staffed by specialists to:-
- (a) provide a complementary resource to local authorities and other bodies engaged in this area of activity,
  - (b) act as a national and international conversion information exchange,
  - (c) generally promote conversion, profile-raise, liaise with and lobby relevant organisations.
- 5.6 The monitoring of Ministry of Defence contracts would be an essential element of the Unit's work. Although central government has provided only limited information on issues like the regional pattern of defence procurement and research and development contracts, further research has the potential to provide thorough and detailed information. This covers present and expected programmes, as well as delays, cancellations and trends in defence spending that provide for changes/reductions in defence programmes. Information can be used for an early warning system as to the most vulnerable contracts and

- the likely level of local job losses and the timescale in which these could be expected. Regional and local unions could be contacted on a regular basis to liaise between the Unit and workforces on the defence dependency of companies and the possibilities of the conversion/diversification.
- 5.7 When the need for new conversion/diversification initiatives became clear and agreed amongst interested parties, the Unit would have responsibility for integrating such initiatives into mainstream local authority economic policy ie product development, central government assistance, DTI and EEC funding and co-ordinating policy between the affected groups.
- 5.8 The Unit would be fairly small both in terms of budget and personnel and the responsibilities of the staff should be manageable in relation to the considerable workload which could be generated.
- 5.9 It would seem most appropriate to separate the work on a regional basis, ie Scotland, North and West Midlands, S West and Wales, and S East. One individual should be responsible for each region in terms of union/local authority liaison and regional defence spending monitoring.
- 5.10 The co-ordinator would oversee the collation and distribution of information at a national level, commission any specialist research and organisational work outside the scope of the Unit and generally monitor the progress of the Unit.
- 5.11 Location of the Unit may be a problem, possibly overcome by having collaboration between a sympathetic local authority and academic centre which would be willing to provide facilities paid for by the Unit's fund but which also allowed access to necessary research resources therefore avoiding unnecessary and expensive duplication of materials.
- 5.12 The main source of funding for the Unit, should be drawn from local authorities. Other sources of funding would be investigated. A charitable trust has already registered interest in part funding and EEC funding is currently being investigated.
- 5.13 The above sets out some preliminary ideas as to the need for a National Conversion Unit, its objectives and functions. This paper deliberately does not attempt to work up the proposal in detail. Consultations during the preparation of this paper indicated strong support for the concept of NCU but a firm view that the Conference should discuss this proposal (and any others) and the best means of developing and detailing it. One way of doing this might be to establish a Working Party to produce proposals for the establishment of a National Conversion Unit, to report back within a given time scale.

#### PROPOSAL FOR DISCUSSION BY CONFERENCE

This Local Authority Conference on Economic and Arms Conversion agrees to work towards the establishment of a National Economic and Arms Conversion Unit. In order to progress this issue it is agreed



that an ad hoc Working Party be established to consult with interested organisations and develop detailed proposals for the establishment of such a Unit. The Working Party should report back to the delegates to this Conference within a period of three months.

7 CONCLUSIONS

- 7.1 The case for conversion has widespread support. More needs to be done, particularly at grass roots level.
- 7.2 What is now required is a major initiative to consolidate and focus activity into a potent force for progress and change.
- 7.3 To achieve such progress a practical means of support for local conversion initiatives is required and also a mechanism to forge the existing constituencies of support for conversion into a force on national government, whatever its political complexion, for action.
- 7.4 But what of peace? Massive resources are devoted to planning for war, hardly any to planning for peace. How can arms limitations talks have any credibility when success would provoke major economic dislocations in a Western economy over dependent upon military production? The traditional approach of seeking disarmament first and then begrudgingly coping with the residual problem of unemployment has put the 'cart before the horse'.
- 7.5 If the economic benefits of a coherent conversion programme linked to mutual defence cuts were to be articulated more clearly to a wider audience many more people might begin to demand action rather than remain passive. The plain truth is that far too many jobs depend upon other peoples wars and potential conflict. Is not the cause of wars, preparation for war?
- 7.6 This Conversion Conference has the opportunity to forge the many constituencies of support for Conversion, Jobs and Peace into an influential and powerful force for change. The chance to move 'from words to action' should be grasped.

8 ACKNOWLEDGEMENT The writer wishes to acknowledge those who provided material for this paper, in particular Steve Schofield, Peter Southwood, Russell Fleming and Fred Barker.

PHILIP ASQUITH

<u>Local Authority</u>	<u>No of Delegates</u>	<u>Delegates Name and Designation</u>
Bradford	3	Cllr Alan Rye & Cllr Edward Johnson, Mr Jim Flood
Cleveland C.C.	2	Cllrs Cooke & Jeffries
Corwall County Council	1	Cllr Mr H Bonson
Cumock & Doon Valley	2	Cllrs J Cannon & T Gormanley
Derby City Council	1	Cllr Bob Schofield
Derbyshire C.C.	2	Cllr Stafford, Mr Ian Shuttleworth
Glasgow	2	Cllrs Martin Caldwell & Bailie Robert McKenzie
Greater Manchester FCDA	1	Cllr J D Gorman
Qwent County Council	2	Cllr R T Bartlett & Cllr Ms Frances O'Kelly
Hackney	1	Dan Weinbren
Hull City Council	1	Cllr C Challen
Kirklees	2	Cllrs Neil Bates & R S Meadowcroft
Leeds	2	Cllr Bryan North, Ms Allison Potts
Llanelli Borough Council	2	Cllr E T Morgan, Mr R Fidler
Lothain Regional Council	8	Cllrs Fallon, Herald, Boyes, Costello, Kinder, Darby, Harrold, Mr J A Dickson
Manchester City Council	2	Cllr Ray Hartman, Mr Fred Barker
N Tyneside M.B.C.	1	Mr Alan Weatherley
N. East Derbyshire D.C.	1	Cllr F Hopkinson

Rhondda  
 Rochdale N.B.C.  
 Salford  
 Sandwell  
 Sheffield  
 Stoke-on-Trent  
 Strathclyde Regional Council  
 Thameside B.C.  
 Wakefield M.D.C.  
 Watford B.C.  
 Wear Valley D.C.  
 West Lothian

2 Cllr E T Jones & Boxall  
 1 Mr Mike Batty  
 1 Cllr W Moores  
 1 John Middleton  
 8 Cllrs Roger Barton, Ken Hartley & R Hattersley, Ms Eileen Armstrong, Mr Graham Wolstenholme, Mr Gordon Dabinett, Mr Graham Twigg, Mr Peter Totterdill  
 2 Cllrs R Swann & C Wise  
 1 Cllr Miller  
 1 Mr Peter Bibby  
 1 Cllr R Cook  
 1 Mr A Brent  
 2 Cllrs A Seddon & A Brooksbank  
 1 Cllr Flannagan

1. NALGO

1 Kelvin Hopkins

2. CPSSA

3 R W Ball  
 S M Docking  
 Mick Abbotts

3. ASTSM

1 John Magennis

Others

1. Minnesota  
 2. A.D.I.U.  
 3. Trade Union CND  
 4. Margaret Kwang  
 5. Susan Willett  
 6. Richard Caborn M.P.  
 7. Russell Fleming  
 8. Jessie Baston  
 9. Sceptre

6 Karen Clarke, Anne Schuerger, Dan St Clair, Joe Miller, Larry Cloud Morgan, Mel Duncan  
 1 Bernard Harbor  
 1 Jimmy Barnes  
 1 Bristol University  
 1 Speaker  
 1 Speaker  
 1 Speaker  
 1 Observer  
 1 Jim Shutt  
 1

**Totals**

Local Authorities            10 authorities registered 50 delegates  
Trade Unions                 3 unions registered 3 delegates  
'Others'                        9 registrations for 14 delegates

**TOTAL**                        Organisations 62    Registered 77 delegates

For further details contact: Jim Coyle, Publicity Department, Sheffield City Council (0424) 19162