Part II
Policies to Attain the Optimum
7 Managing our Planet

7.1 SUBJECTS COVERED IN PART II

Having outlined, in Part I, the optimal social order designed for the ultimate aim of international, economic and security policies, we shall now attempt to identify the policies needed to attain that order. This is a very ambitious project and we are aware that most readers and fellow economists will consider it to be over-ambitious. We almost feel that an excuse is called for. We admit that the goal we set ourselves is ambitious. Yet we feel that an overwhelming majority of our colleagues, of policymakers and of world citizens are suffering from the opposite attitude: that is, setting too modest tasks—even with the best intentions. Let us forget about the many who want to take the soft option and only engage in debate with those who want to give meaning to life. Scholars usually try to add to knowledge and understanding in as reliable a way as possible. Politicians want to make a contribution to welfare of the group they represent—or the group they think to be most in need of a welfare increase. Both scholars and politicians motivated by serious intentions try to be well-informed on the world’s situation, its prospects and the most relevant forces at work. As a matter of course they are deeply impressed by the complex picture, by the innumerable forces at work, by the myriad conflicts threatening the world. Aware of the limitations of what conscious action can do they are forced into modest endeavours. This leads to research programmes or political programmes directed at a nearby target. Since even the most important scientific institutes and the most powerful political parties and their factions are only a small part of all such institutions, their totality offers a composite of an almost unstructured set of thousands of programmes, threatened by unplanned collision, partly counter-
acting each other and hence reducing the effectiveness of the effort. In a way the desire to do a good job forces many scholars and policy-makers into some sort of shortsightedness, even when in other respects they express long-term views.

It is this state of affairs that creates the need for a small number of both professions—scientists and politicians—who dare to stick out their necks and speculate from a ‘helicopter view’ from which some inspiration may be gained for our common tasks; a view to guide socio-economic policies and cooperation between sovereign nations, to guide political parties and to guide research needed to enable all concerned to do the best job possible.

We believe this inspiration can best be gained from the understanding that our diversified tasks must make a contribution to managing our planet. The word ‘planet’ (that is, the total of all people and all resources available) is used to remind us of the interdependence of our economies and our security we have inherited. No optimal welfare-cum-security is now possible for one continent that is independent of other continents’ welfare-cum-security. The word ‘manage’ is used to remind us of the businesslike character of our tasks. It cannot be denied that the essential goods and services we currently obtain in order to survive are the result of productive enterprises, whose efforts are the outcome of good management. It has become customary in discussions of the best policy for a given country, to suggest that that country has to be run as if it were a corporation: ‘Japan, Inc.’ or ‘Britain, Ltd’, etc. In the same spirit our discussion in Part II of this book will be inspired by the concept of ‘Planet Earth, Inc.’.

The chapters of Part II have been arranged to start from beginnings that exist and reflect attempts to contribute to world management. Like our integrative approach in Part I, we distinguish a socio-economic and a security component. In the existing institutions contributing to our aims and in the same spirit, and in the international commissions which reported on world-wide issues, the socio-economic component is felt to be the long-term policies to solve the North–South problem and these policies will be discussed in Chapter 8. In the same or similar institutions and commissions the security component is identified with the long-term policies to solve the East–West problem and these policies will be discussed in Chapter 9.

In both cases the experience of recent decades has taught us that the solutions will not come about automatically. The
optimism of *laisser-faire* or of Marxism that an 'invisible hand' or the 'automatism of class struggle' will do the job is not the conclusion of either the Brandt Commission or the Palme Commission (cf. Brandt et al., 1980, 1983; Palme et al., 1982). The attitudes of many governments, political parties and citizens need to be reoriented. Fundamental learning processes will have to be organised. Doctrinaire views will have to be abandoned. We must be prepared to learn from experience. An increasing number of top managers have not only gone through a process of training on the job but have been prepared for their career by a business school (cf. Sturdivant and Adler, 1976).

In Chapter 10 the *learning processes*—different for different governments and for different political parties—will be discussed and their sources discovered.

Beginnings also exist in the field of international cooperation. In fact, a network of attempts exists, often created after a disaster has made us sadder and wiser. The organisation of peace was initially seen as the tasks of a conference, which would be dissolved after they felt they had completed their task. The idea of the need for something lasting found its expression in the building of the Peace Palace (1913) in the Hague, and the Palais des Nations (1937) in Geneva, the latter the seat of the League of Nations. After World War II the United Nations took over a considerable number of existing institutions, whose number grew, for instance after the damage done to the environment had been discovered. In 1985 the United Nations celebrated its fortieth anniversary and the occasion was used by many to rethink the tasks and the instruments needed. The need for strengthening the United Nations will be discussed in Chapter 11.

Whereas the philosophy on which the United Nations institutions is built starts at the top, other processes are at work also, from the base—so-called *integration*. This started centuries ago, and contributed essentially to the ending of armed conflicts. Today (1986) Europe is the focus of this process. Integration as a strategy will be the subject of Chapter 12.

In our concluding chapter, a set of recommendations will be formulated, based on our analysis and directed at our main aim: peaceful coexistence.
7.2 MANAGEMENT INSTITUTIONS

Managing the planet in the optimal way entails the performance of a large number of tasks, by a number of institutions. These institutions may be created by reforming some of the existing United Nations agencies or by creating additional institutions. The choice between reform of existing institutions and the creation of new institutions is best decided by whatever procedure seems most effective. Some guidance may be derived from studying the institutional infrastructure of well-organised countries and from comparative studies of a number of successful corporations.

The establishment of the United Nations agencies was partly inspired by the institutional setup of successfully run nations. This is illustrated by the similarities between UN agencies and national institutions. These similarities are partial only, in some cases for good reasons, in some cases for understandable reasons, even if not justifiably. The UN General Assembly has some features in common with a Parliament; the Security Council with a police force, and many specialised agencies with a country's ministries: the FAO shows similarities with a Ministry of Agriculture; the ILO with a Ministry of Social Affairs; UNESCO with a Ministry of Education; UNCTAD and GATT with a Ministry of International Trade; UNIDO with a Ministry of Industry, and so on.

The parallels often are partial only and in some respects should perhaps not be perfect. One general dissimilarity consists of the lack of power the United Nations agencies have. For a management deserving that name the world institutions must have the power to implement their decisions. Later we shall discuss their tasks, and in some cases these are more limited than the tasks of national ministries.

A good example of what we can learn from a comparison with the institutions of a well-run nation is the management of monetary and financial affairs. In most well-run countries we find a Ministry of Finance (or Treasury), a central bank and an investment bank. Among the UN agencies the International Monetary Fund (IMF) has some tasks in common with a central bank and the World Bank Group (WBG) with an investment bank. The relative importance of the UN agencies is totally different from that of the national institutions, however. In the UN a Treasury hardly exists—each specialised agency has its own small Treasury. The WBG is very important, whereas in
many well-run nations there is no public investment bank. IMF as well as central banks are important in both systems, but the IMF lacks some of the powers central banks have.

In our opinion two things can be learned from this comparison. First, the IMF should become a World Central Bank (WCB); and secondly, a World Treasury (WT) should be created. The WT should collect from member countries of the United Nations not only their contribution to the UN Secretariat, but to all UN agencies of which they are members. More important perhaps, part of the financing of Third World development (and development of any world-wide character) should be financed by the WT. In well-run countries a considerable part of development investment is financed by the Treasury’s current revenue, avoiding all the complications of loans and debts, and their renegotiation we are now experiencing.

Revenue of the WT should come from world taxes, with all the advantages such a system has for the smooth operation of the optimal order.

Monetary and financial affairs are not the only ones where major changes are desirable. We think another major reform is needed in the system of representation and decision-making. In our opinion the management system of the planet should be integrated into one hierarchy, and here we must learn—as nations must—from well-run corporations. In the long run—that is our perspective—a powerful chief executive board is needed. Also, all activities should be coordinated by one hierarchy consisting of a number of levels and characterised by a workable ‘span of control’ at the various levels.

Here we want to consider the question of whether the system of ‘one nation, one vote’ at the UN General Assembly is optimal. The negative attitude of the superpowers vis-à-vis the United Nations partly comes from the fact that they feel strongly under-represented in the Assembly. The number of votes should depend on the size of a nation’s population, as in the most advanced democratic Parliaments. Perhaps we should be aware of the previous phases of the most advanced democracies, in which the financial contribution made by a nation should also be reflected in the number of votes. Finally, when considering the viability of nations, we must be aware of the doubtful viability of nations with less than 100,000 inhabitants, or even of those with less than one million inhabitants.

This attempt to reconsider the UN system of representation led us to think of an alternative where, like the Senate of well-
run countries, the Executive is responsible to a meeting of a limited number of representatives—say twelve to fifteen—of large units. These units would represent a few of the very large nations—China, India, the USA, the Soviet Union—and regional federations, such as the Organisation of African Unity, an Arab federation, and the European Community. A first subject of research would be the optimal composition of these 'large units', perhaps to be called Regions. Each Region would have as members with varying numbers of votes today's nations. Within the nations the existing levels of decision-making would be taken over. Within the Regions the number of votes would be tied to population size and financial contribution in such a way as to encourage the formation of viable federations of very small units.

A very important new institution to be created is, of course, a UN Police Force. Usually the term UN Peace Force is used, but we think 'Police Force' a more appropriate expression for the optimal order, where war as an instrument is no longer applicable.

7.3 LEVELS OF DECISION-MAKING

The management structure we sketched in section 7.2 is an empty box, as long as the functions and powers have not been specified. In a way the structure constitutes what has sometimes been called 'world government'. The fear of and scepticism about that concept are partly caused by incorrect or unformulated ideas about the subjects each institution and each hierarchical level has to deal with. In the present section a number of examples will be discussed in order to present a clearer picture. The criteria to be applied are those set out in section 5.4. As observed before, the optimal levels of decision-making at national or lower levels have, generally speaking, been found and applied. Higher than national levels are avoided by a majority of policy-makers because of a propensity to sovereignty far beyond the optimum. A widespread misunderstanding is that sovereign decision-making means keeping a country's welfare 'in its own hands'. Sovereign decision-making may even negatively affect a country's welfare, since that country is not then represented in the sovereign 'decision-making of other countries.

The optimal level of decision-making will be higher than national for all problems which affect the welfare of people outside the country, since their welfare is usually given less
weight than the decision-making authorities' own people.

For a long time there have been a number of problems whose solution affects more than one nation and where solutions must be based, consequently, on supra-national decision-making. These problems and the way they are best resolved have been listed in the report to the Club of Rome *Reshaping the International Order* (RIO) (Tinbergen et al., 1976). In that report, these problems are listed under the headings: *international monetary order, international income redistribution and financing of development, production and (international) distribution of food, international trade and division of labour, (international distribution of) energy, ores and (other) minerals, research and technological development, transnational enterprises, human environment, reduction of armament and ocean management.*

As a matter of course all types of international economic intercourse belong in this list. More recent subjects are those of the environment and of ocean management. Pollution of the environment has become so acute as a consequence of population growth, the chemical industry and motor traffic that policies to reduce pollution have become necessary. If a country neglects such a policy it not only harms its own citizens, but also those of other countries and so supra-national decision-making is necessary. Oceans contain more resources than fish alone; oil and metal ores from manganese nodules and transportation in oil tankers have become a source of water and beach pollution. Thus the oceans have become a subject for conscientious management.

The corresponding new institution for the environment is the *UN Environment Programme* (UNEP), but it lacks the power to implement a real international environmental policy. Ocean management has become carefully elaborated in the new *Law of the Sea* (LoS), formulated in nine years of negotiation, but not yet ratified by the necessary number of member states, as observed before.

### 7.4 MOST DECISION LEVELS REMAIN THE SAME

The concept of world government meets with widespread aversion and scepticism, as we stated in section 7.3. Aversion and scepticism are largely due to misunderstanding of what an optimal world government means. Some critics seem to think that a world government would replace all existing governments. World
government as we conceive it is a supplement to national governments for the solution of a limited number of problems or tasks, as summarised in section 7.3. All other problems or tasks remain at the national or lower levels. Upon inspection it will be found that by far the larger part of decision-making can be left in the hands of those who handle them at present, that is at the national, provincial or municipal level, but also at enterprise or family level. Since decisions often mean decisions on the spending of income, the figures on expenditures at various levels may illustrate our point. If the average tax burden of a representative country is 33 per cent (as it was in the USA in 1982 or in the Netherlands in 1960), this means that the national and lower public authorities together spend one-third, and all lower levels (family, associations, social security agencies) two-thirds of total GNP (cf. Haveman, 1985). Only part of the 33 per cent is spent by the national government and again only part of the latter amount should be spent at supra-national level in an optimal world order. Therefore, these latter expenditures are a modest part only of total expenditures. Similarly, we can anticipate that a modest part of total decision-making only needs to be transferred to higher levels; but, as our listing of the subjects in section 7.3 illustrates, they are decisions on important subjects. This applies, in particular, to security expenditures, where enormous savings can be made as soon as the two superpowers are prepared to cooperate. This presupposes a considerable change in attitude, as observed in section 7.1, and to be discussed more fully in Chapter 10 about learning processes.

7.5 FUNCTIONS AND POWERS OF THE INSTITUTIONS

In the preceding sections we sketched the management structure we think is most appropriate if we seriously want to attain, for the world as a whole, an optimal socio-economic and security order. We took as our prototype, on the one hand, well-run enterprises and countries, and, on the other hand, the rudimentary beginnings made by the United Nations family of institutions.

In the present section we shall discuss some important and generic differences between these two sources which will be our starting point of discussion in Chapter 11: how to strengthen the United Nations institutions.Briefly stated, these differences are to be found in what in United Nations Charters' language are
called the ‘functions and powers’ of the institutions. As a rule these are too limited, although there are differences between individual specialised agencies. Thus, the IMF and the World Bank Group (whose location is not by coincidence Washington, D.C.!) in some respects are fairly powerful. The IMF is able to impose on borrowing countries harsh conditions, which sometimes are even counterproductive. The projects financed by the World Bank itself must be bankable. Both institutions have created additional facilities by which some of the conditions are mitigated and so more adapted to what developing countries are able to agree with, without undermining their development. The institutions lack power in other respects, especially when it comes to mobilising resources, that is imposing on donor countries the contributions to their capital needed in the interest of the world at large. The Brandt Commission’s reports are clear enough in this respect; so are previous expert reports, e.g. the Pearson Report (Pearson et al., 1969) and the Tinbergen Report (Tinbergen et al., 1970) and subsequent reports of the United Nations Development Planning Commission (Rampal et al., 1985). The common feature of all these reports is that they recommend larger contributions from the donor countries. Some of today’s serious problems, especially the debt problem of some Latin American countries, would have been considerably more manageable if the Pearson Commission recommendations had been implemented by the industrialised countries. This implementation has been worse the larger the donor countries. The USA and Japan spent about half the percentage of GNP recommended by the various commissions, the middle-sized countries such as West Germany, Britain and France a somewhat higher percentage, and three Scandinavian countries and the Netherlands are the only ones which spent 0.7 per cent of GNP or more (cf. OECD, 1984).

The most dangerous lack of power in comparison to an effective structure is, of course, the Security Council’s power, which can be reduced to nothing if one of the permanent members uses its power of veto. In the field of security, practically speaking, the two superpowers are able to impose their will on the rest of the world (cf. Myrdal, 1976). For the lack of something better, a preliminary solution of the world security problem could be organised by them if they were aware of their responsibility to the world at large. The instruments they could use might be adherence to some existing treaties and the signing of new treaties, in particular a ban on the use of weapons in
outer space. This option will be discussed in Chapter 9 in more
detail.

7.6 PRIVATE BUSINESS AT SUPRA-NATIONAL
LEVELS

Our planet's management is not in the hands of public authorities
only, although the integrating framework should be a public
institution, just as it is in each well-run country. In matters of
supra-national management, business leaders have been more
advanced than public authorities, as could be anticipated. The
creation of multinational—or better, transnational—enterprises
preceded the creation of supra-national authorities. They oper-
ated in the field of their industrial branches mainly, and
were interested in general social structures only if immediately
involved—with some personal exceptions for people with a
broader vision.

In a way their activities made it possible to liberate themselves
from what they considered to be governmental interference in
their affairs. In this sense they are trying to profit from the
socially less advanced structure in less developed countries or
from the socially less advanced structure of international relations
between all countries. National public authorities can generally
set rules for national enterprises, but foreign governments cannot.
This gap in the legal structure of a world subdivided into
sovereign states has been cleverly exploited by many transnational
enterprises. Because of their greater efficiency they are able to
pay higher wages than local enterprises and similarly are able to
attract local capital. Often they apply technologies they use in
their home region which may not be optimal for the country in
which they operate—not optimal, because not all labour can
be employed as the consequence of highly capital-intensive
technology. Governments of their host countries sometimes even
welcome such technologies, for prestige reasons, although their
goal is to attain full employment. As long as transnational
enterprises are ahead of governments, in matters of international
integration an undesirable situation exists in which the supervisory
role of government over the area of operations as a whole is
incomplete and not concordant with the optimal degree of
supervision.

The problem should not, however, be seen as a clash of in-
terests and so as a focus of class struggle. Rather the common
interest of the private and the public sectors and the correspond-
ing common interest of an optimal division of tasks and
responsibilities should be understood and given legal form. This
has been attempted by both the International Chamber of
Commerce and by the United Nations, in the form of 'codes of
conduct' for both transnational enterprises and governments.
For those who hold fast to the priority of national sovereignty
there is no need for codes of conduct for governments; but since
an optimal world order will not necessarily accept absolute
sovereignty, we think such an absolute priority is not part of an
optimal order.

In concluding this section, we emphasise that creativity and
the efficiency of private business should be seen as potential
sources of world welfare and hence as components of the optimal
management of our planet, provided the enterprises concerned
fit into a global framework of legislation covering social, financial
and other matters in the general interest, e.g. environmental
legislation. Transnational enterprises are part of an optimal
world order, but so are codes of conduct.

Wassily Leontief once compared the profit motive of private
enterprise to the sail moving a boat and rules of conduct to the
rudder guiding it. Without the sail the boat would not move.
Without the rudder it might founder on rocks. To guide it safely
to its harbour a boat needs both a sail and a rudder.

7.7 NON-GOVERNMENTAL ORGANISATIONS

In addition to public authorities and enterprises a wide variety
of non-governmental organisations exist which contribute to
human welfare. In section 4.4 we mentioned some which play a
role within nations. There is good reason to discuss them in the
context of international structures, since the international order
is less developed than national social orders. Creative thinking
is more typical of individuals than of organisations and similarly
non-governmental organisations often develop new ideas, propa-
gate them and so contribute to the introduction of original
improvement in official structures. Many forms of international
cooperation found their origin in non-governmental organisa-
tions, such as the International Commission of Red Cross
Associations or the European Movement. Contacts between the
Soviet and Western bloc have been made possible first of all by
associations of citizens of both blocs.
Above all else world integration needs to have the groundwork laid by a non-governmental organisation. As before we point to the similarities with like movements at a lower level; in our case the European Movement is probably the best example, but for Latin America the Andes states cooperation may be better known or highlight problems of more concern to Latin American citizens or governments. One of the typical problems for European integration is that of language differences, which hardly exists in Latin America or in the Middle East.

One non-governmental organisation promoting world integration is the Association of World Federalists. But there are some problems they have to solve first. The Association, which was created immediately after World War II, has lost its momentum and is now in the process of being reactivated. This is an internal problem which they hope to solve soon. The changed structure of the military balance between the two superpowers (the US is now no longer superior in power and more vulnerable to strategic missiles but technologically superior in high-tech) requires a modified policy and has made world federalism much more urgent. An effective membership drive to multiply its previous size and influence is promising and is in preparation.

There is also an external problem. Competing organisations exist and this is wasting manpower and money. Integration has to start at home. Some examples of similar organisations are Planetary Citizens (Citoyens du Monde) and the World Constitution and Parliament Association.

NOTES

1. Reduction in public expenditures, often imposed on developing countries by the IMF as a cure for excessive foreign debts, can lead to higher unemployment, economic stagnation and in this way reduce a country's ability to repay its debts, instead of improving it.
2. The debt problem has also been worsened by capital flight, aided by some banks.
REFERENCES


8 The Socio-Economic Component: Long-Term North–South Policies

8.1 WORLD POVERTY: THE WORLD SOCIAL PROBLEM

In an optimal management of the world two main components can be distinguished which correspond with the two main subjects of this book: economic welfare in the restricted sense, and security. Both components regard all 159 sovereign nations of the world, but their hard core concerns two different groupings of those countries, the North–South grouping and the East–West grouping. By North–South we mean the prosperous versus the low-income countries, and by East–West we mean the communist-ruled vs. the non-communist ruled.

The main socio-economic problem is how to reduce the difference in welfare. In order to design an appropriate policy information is first needed on the existing difference. This cannot be measured by the difference in money (nominal) income per capita. In low-income countries prices are also lower than in high-income countries, because part of what we consume consists of services rendered, (e.g. hairdressing, education, police, etc.). In a World Bank study, Kravis et al. (1982) distinguish six income classes among the world’s nations, the lowest of which has a real income per capita of 0–14.9 per cent of US income. For those nations the price level of goods is 57 per cent of the US level, the price level of services 21 per cent and the average price level for all domestic products 41 per cent. (For producer durable goods the price level is 130 per cent of the American level.) Consequently the real income per capita is not as low, in comparison to the USA, as the figure expressed in dollars which exchange rates would suggest. For the class of countries cited it is 4.8 per cent for real income per capita and 2.3 per cent for nominal income per capita of US income per capita. Even so it
is less than 5 per cent. Whereas Western European countries show real per capita incomes between 99 per cent for Norway and 34 per cent for Portugal, most incomes in the developing continents are considerably lower. The figure for India was 6.7 per cent in 1983; in 1970 it was 6.45 per cent, confirming that the ratio changed very little only. South Korea's experience was different, here real income per capita was 11.8 per cent of the US figure in 1970 (cf. Kravis et al., 1982) and 29.4 in 1983. This reflects the rapid development of the Far East, with Japan as its core. In the 1930s Japan could still be considered an underdeveloped country; in 1983 its real income per capita was 80 per cent of the American, with the following figures for the middle-sized European countries:

<table>
<thead>
<tr>
<th>Country</th>
<th>Index</th>
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</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>76</td>
</tr>
<tr>
<td>France</td>
<td>87</td>
</tr>
<tr>
<td>West Germany</td>
<td>89</td>
</tr>
<tr>
<td>Italy</td>
<td>67</td>
</tr>
</tbody>
</table>

Almost all of Africa and large parts of Asia and Latin America show widespread poverty. The world as a whole now shows the same pattern that we saw in the nineteenth century in the industrialising countries (North America, Europe, Australia); it came to be known as the 'social problem' and gave rise to the socialist movement. At present we are confronted with a world social problem. Neglecting it has been seen to be very dangerous for the world's political stability; it may become more dangerous still.

In order to characterise today's political situation we need to be aware of some important developments in the twentieth century. The socialist movement founded by Marx and his followers split into two main currents: communism and democratic socialism. The countries under a communist régime are the Soviet Union and Eastern European countries, collaborating in the Council for Mutual Economic Assistance (CMEA), China and a few neighbouring countries (North Korea, Vietnam), and Cuba. Communist parties in Western European countries generally have little influence. This influence was more important—up to about one-third of the electorate—in Italy, France and Portugal some 10–20 years ago. In Northern and Central Western Europe democratic socialist parties are the main progressive parties, which have repeatedly been in office. In the USA socialist parties are very weak.

On the world political scene, the communist-ruled nations and
the nations with a parliamentary democracy are competing for the adherence of the developing countries. These, however, cooperate in the Group of 77, with over 120 members now, and want to stay outside either the communist or the western ‘bloc’.

8.2 DECOLONISATION AND DEVELOPMENT COOPERATION

After World War II the process of decolonisation started, first in Asia where the Japanese helped to start that process. Somewhat later Africa followed. The most humane process of decolonisation was that of India, thanks to Mahatma Gandhi whose philosophy of non-violence showed how far he was ahead of the majority of mankind. Tolerance was his basic attitude, of which we shall have to learn much in future. Fortunately some cultural currents in Britain showed understanding and sympathy for Indian nationalism and the independence of the largest colony of all times was established without a war with Britain. Unfortunately this could not be said about many other liberations. Those of Algeria and Indonesia, for instance, were only obtained after a war. Nevertheless, most colonies were granted independence without a war, after the colonial powers recognised that colonialism had become unacceptable.

By the early 1960s the decolonisation process had brought political independence to large parts of Asia and Africa. Latin America had obtained its political independence much earlier. The three continents together had the common characteristic of poverty, although to different degrees. The liberated countries all became members of the United Nations, increasing the number of sovereign nations threefold, and creating a clear majority of underdeveloped countries. This radically affected the topics dealt with by both the General Assembly and a number of specialised agencies. The World Bank (officially, the International Bank for Reconstruction and Development) gradually shifted its main activity from reconstruction to development. The United Nations Secretariat, under Dr Hans Singer’s guidance, prepared the document on the Development Decade, adopted in 1961 to mark that decade (1961–70) in which forces should be united to further the economic growth of the low-income countries. The concept of development cooperation was coined and an appeal was made to the industrialised member nations to make available, from public means, the additional capital
needed for strengthening the infrastructure (road and railway systems, electricity plants and administrative apparatus, among others) deemed necessary for economic growth. Additional means (i.e. what the countries themselves could finance from their savings) often amounted to only some 5 per cent of national income.

The appeal made to the developed countries was not very successful, and the rise in production of some representative underdeveloped economies was disappointing. This led to two initiatives. In 1968 the World Bank set up the Pearson Commission, presided over by Lester B. Pearson, former Prime Minister of Canada. In 1966 the United Nations had already established the UN Development Planning Committee, headed by Jan Tinbergen, Professor of Development Planning at the (then) Netherlands School of Economics. The Pearson Commission reported to donor countries about their contribution to the World Bank, and the UN DPC reported to the UN General Assembly and the Secretariat about the future of world development. In 1970 it recommended a programme for a Second Development Decade (DD II). One of the key figures in both reports was what percentage of GNP should be made available, directly or indirectly, by developed countries’ governments to the Third World. The Pearson Commission’s recommendation in 1970 was 0.7 per cent, the UNDPC figure 0.75—practically the same figure.

Unfortunately both commissions’ recommendations were completely ignored by donor countries, in particular by the larger donor countries. The USA and Japan, the two biggest developed countries, made available no more than half of the recommended percentage; the only countries which followed the 0.7 recommendation were Denmark, the Netherlands, Norway and Sweden. The middle-sized countries are somewhere in between (cf. section 7.5).

The necessity of some forms of development cooperation were recognised, in principle, by the ‘rich men’s club’, the Organisation for Economic Cooperation and Development (OECD) in Paris, and thanks to its Development Assistance Committee (DAC) an annual report is available with a wealth of data on the various forms of assistance actually made available.

The lack of response from the large potential donor countries is partly associated with the East–West controversy and the very high armament burden. This constitutes a serious argument in
favour of a joint solution of the problems which this book is devoted to.

The highly unsatisfactory development of the Third World economies and the negative attitude of most industrial countries gave rise to yet another initiative. In 1977 a third commission was set up, comprising members with political experience, and presided over by Willy Brandt, former Chancellor of the Federal Republic of Germany and President of the Socialist International. This commission reported in 1980 and again formulated a number of policy measures in order to remedy the hopeless situation in which, after two oil price rises, a large part of the world found itself. Perhaps the most striking feature of this report (cf. Brandt et al., 1980) was that so many of its conclusions were close to the Pearson Commission's. This may be interpreted as showing that no progress whatever towards the goals set (i.e. less inequality between rich and poor countries) had been made between 1970 and 1980. When, after three years, no response worth the name had been made, the Commission published a second report (Brandt et al., 1983), setting out further recommendations. Our conclusion can be illustrated with the figure for real income per capita in India as a percentage of American real income per capita. It hardly changed between 1970 and 1983; from 6.45 to 6.7. A meeting of world political leaders, strongly recommended by the Brandt Commission, was held at Cancún, Mexico, but did not result in any positive policy change. Conservative forces prevailed. A change for the good can only be expected after democratic socialist forces have taken over.

8.3 DEVELOPMENT PLANNING: HOW TO REDUCE THE SCARCITY OF PHYSICAL CAPITAL.
TRANSNATIONAL ENTERPRISES

Although macro-planning is not favoured by western industrial countries, and in particular by the USA, they do require planning on the part of their debtors. Similarly the World Bank and the IMF require macro-planning from their debtors. It seems to us that a planned policy is indeed preferable. The shift of emphasis in world economic policy from anti-cyclical policies during the Great Depression to development policies after World War II was reflected in economic science. A true boom in the theory and application of development planning started, and numerous new concepts were launched.
Since planning an economy's development necessarily constitutes a complicated problem cluster, its solution with the aid of one complicated model may be very difficult, if not impossible. A more practical method will, as a rule, be that of successive approximations, often called planning in stages. The stages may be called the macro, meso and micro-stage. In the macro-stage estimates are made of the most desirable values, for a series of years, of such macro-variables as total production, total imports and exports, total consumption and total investment (gross and net), total income (gross and net) and total income of a few important social groups. The meso-stage consists of estimates for single industries, chosen in accordance with the economy's structure. The micro-stage consists of single projects, fitting into the meso-plan and submitted for financing to a bank (the World Bank, or a Regional Development Bank) or a foreign government.

Planning in stages may also be applied geographically. Thus, after the macro-plan has been estimated, a geographical meso-stage may refer to the provinces or the states of a federation. Subsequently the micro-stage may deal with single districts or large cities. It is characteristic of planning in stages that the macro-stage may have to be revised on the basis of what is found during the subsequent phases.

As an illustration, consider investment estimates. They may be based, in the first draft, on an average capital:output ratio, i.e. the ratio between investment and the production per annum resulting from that investment. A well-known value for countries as a whole is three years. (The capital:output ratio measures the period whose production is needed to finance the investment.) After the production increase has been decomposed into its branch figures, the investment needed in each branch may be estimated with the capital:output ratios for the single industries. The total of these branch investments will not necessarily yield the original macro capital:output ratio used and enables the planner to revise that figure. Similarly numerous checks can be made and raise the degree of reliability of the plan.

Financing the investments by a foreign bank or government is an example of how the scarcity of physical capital that is characteristic for underdeveloped countries can be reduced. The amounts made available should be geared to the long-term optimal development of the relative incomes per capita of the world's regions and sub-regions, derived with the aid of the concepts and relations described in Chapters 4, 5 and 6. This
optimal development cannot be the actual development obtained so far, characterised by a constant ratio of real incomes per capita of India and the USA or similar figures for the world income distribution.

The reduction of the scarcity of physical capital in the Third World may also be brought about by private investment of foreign capital. The most direct form of private investment is that made by transnational enterprises, discussed in section 7.6. At the time of writing (1986) the UN Commission on Transnational Corporations had finished a first draft of a Code of Conduct to be submitted for approval (cf. Hartzman, 1985).

As discussed before (cf. section 4.1) preferences differ between countries with regard to the ownership of the enterprises needed to develop a nation's productive capacity. In the early years (around 1950) the UN agencies such as the World Bank followed the preferences of many western groups and considered it natural that public investments should concentrate on the creation of infrastructure, anticipating that the superstructure of manufacturing industry would automatically be created by private initiative. The experience of countries such as Turkey and the Netherlands shows, however, that this does not always follow (cf. Tinbergen, 1958).1 The Dutch State Mines (established in 1902) and the Turkish 'state economic enterprises' (1923) were created because insufficient private capital was available and private enterprise was not prepared to take the perceived risks. For similar reasons state farms were established on newly reclaimed land and after a couple of years sold to private farmers.

An important aspect of a country's economic development is the choice of sectors to be expanded, in particular the nation's industrialisation. As a consequence of increasing productivity in agriculture, manpower becomes available for industrial production. Increased income enhances the demand for industrial products. Depending on the country's raw materials and on the labour-intensity of various manufacturing industries a choice will be made of the most promising industries. Usually the initial phase of the industrialisation process shows a preponderance of textile and clothing industries, because of the labour-intensity, and the availability of cotton, wool or silk. Where raw materials are not available, industrialisation may start by import-substitution, that is home production of finished consumer goods from imported raw materials. For lack of competitiveness this form of industrialisation leads to a weak economy.

One of the goals of industrialisation is a shift of industries
from the developed to the less developed economies. The United Nations Industrial Development Organisation (UNIDO) had as its goal that by the year 2000 25 per cent of world manufacturing should be located in the now less developed world (the so-called Lima target, formulated in 1975 in the Lima meeting of UNIDO). It is improbable that this goal will be attained, partly because of import impediments of developed countries. Moreover new technological developments make uncertain any estimate of the future structure of world industry and trade.

8.4 INVESTMENT IN HUMAN CAPITAL: CULTURAL ASPECTS OF DEVELOPMENT

It is now known that scarcity of physical capital is not the only cause of underdevelopment. More serious is the scarcity of human capital, that is, of educated and trained manpower. Education was neglected by the authorities in many colonies, particularly in Africa, but also elsewhere. In order to attain higher levels of productivity, in agriculture and mining as well as in manufacturing industry and services (government, education, trade) larger numbers of educated people at all levels are necessary, but they were available in small numbers only. Under colonial regimes the larger part of these occupations were reserved for foreigners. Understandably, following independence a strong preference existed for giving these functions to nationals. However, there was a dilemma in that in order to raise as quickly as possible the number of educated nationals an increase in foreign teachers was necessary.

Since the education process is time-consuming, much more so than most physical production processes, nowhere was planning more needed than in education. Consequently particular efforts were made to stimulate this branch of planning and tribute should be paid to what the International Institute for Educational Planning (Paris) has accomplished.

Entrusting education to foreigners may imply the imposition of a foreign culture on students. Even foreign production methods in enterprises may introduce elements of foreign culture, and so creates the problem of whether development cooperation constitutes a threat to the maintenance of the receiving country's culture.

To us the answer seems to consist of four main statements:

(i) As long as development cooperation aims at satisfying the
basic needs of the receiving country, the imposition of foreign culture hardly exists, since no culture wants its adherents to starve.

(ii) As soon as some additional welfare beyond that of the basic needs becomes possible the right of cultural freedom should be recognised, provided that
(iii) no aspects of that culture harm other cultural groups.
(iv) Tolerance is a prerequisite of the coexistence of varying cultures.

Although many countries suffer from cultural conflicts and display a high degree of intolerance, development cooperation has not been too impeded by such intolerance. This is due mainly to the basic rule that such cooperation is only established at the receiving country's request. In addition, the execution of development cooperation projects is done voluntarily, either as a gainful employment or based on some combination of idealism and sense for adventure.

The contacts created by it are very useful and, as a rule, widen both parties' horizons. From time to time these contacts may lead to intense discussions, which may help certain features of one's own culture to become critical. People from relatively prosperous countries are by no means always culturally superior—if one can make such comparisons. In many respects the sources of culture are not the sources of well-being.

8.5 INTERNATIONAL TRADE, A NEW INTERNATIONAL ECONOMIC ORDER; INTEGRATION

The most important source of foreign finance is international trade; more precisely, the surplus of exports over imports of goods and services. In the first nineteen years after World War II international trade was handled by the General Agreement on Tariffs and Trade, concluded after the failure to create the International Trade Organisation (ITO). In this Agreement initially little attention was devoted to the interests of the Third World. Later this changed, when the Agreement was extended. In the meantime, in 1964, a new specialised UN agency was established as a result of Raúl Prebisch's research and campaign in favour of the Third World. The new agency was called
the United Nations Conference on Trade and Development (UNCTAD), and was established to discuss the basic problems of development in relation to trade and the policies to be recommended in order to create trading conditions more favourable to development. Thus, UNCTAD’s discussions and negotiations contributed to the stabilisation and strengthening of commodity markets, to the creation of preferences for imports from developing countries into developed countries, to a programme for the least developed countries, to the more satisfactory transfer of technology, to furthering shipping by developing countries, to the extension of trade between countries with different social systems and of trade between developing countries (cf. United Nations, 1985).

The unsatisfactory response of the developed countries to the appeals made to them during the 1960s and the early 1970s, and the additional difficulties caused to the non-oil-exporting developing countries led to an initiative taken by a group of countries presided over by Algeria to convene a special session of the UN General Assembly on ‘Raw Materials and Development’, which met in April 1974. This Sixth Special Session produced a Declaration and a Programme of Action (cf. Kaufmann, 1980, p. 81) on the definition of and the action to attain a New International Economic Order, in which the position of the developing countries would be ameliorated, in fact become less unequal than they felt they were under the prevailing order. Among other things, larger capital transfers, higher prices for their products (in particular for raw materials) and more voting rights in the World Bank and IMF were characteristic of this innovation. In the autumn of 1975 the Seventh Special Session of the General Assembly was held on Development and International Economic Cooperation. This resulted in a real consensus with a new programme of work, which was welcomed by the US permanent representative, Mr D. Moynihan.

Unfortunately the subsequent development did not reflect the continuation of this promising start. In most developed countries progressive governments were followed by conservative ones (US, UK, West Germany) and the détente between the superpowers was overtaken by a new confrontation. No elaboration of the NIEO was undertaken and, as already stated, attempts by the Brandt Commission, established on 28 September 1977, to continue world-wide negotiations did not succeed. Even in the symposium held on 28-29 November 1984 (cf. United Nations, 1985a) to mark UNCTAD’s twentieth anniversary this
was all that could be concluded by J.P. Pronk, then Deputy Secretary General of UNCTAD.

We agree with the speakers at that symposium, most of whom considered the Brandt Commission's recommendations as the guide to an optimal international development policy.

An additional remark on the role of international development cooperation is that cooperation between developing countries should assume a special form for small developing countries. Since the smallest countries in this category are hardly viable as sovereign states, integration constitutes the best development policy. This is true in particular for small developing countries clustered in one region, the most important example being the Caribbean-Central American region. Although various attempts to integrate the Caribbean islands have failed, we are convinced that integration remains the formula to apply. Renewed attempts are recommended and the strategy we suggest is that a start be made by the smallest units. By unifying they should try to become economically stronger and so to become 'worth while' for the somewhat larger units to start negotiations with. The United Nations—and UNCTAD in particular—might assist by carrying out the economic analyses needed, in particular analyses of the industrial specialisation to strive for. We recommend that the Central American nations should also join in the process. In view of the present political tendencies it is obvious that the process can only be achieved in the longer term. It may help to reduce the degree of nationalism now prevailing.

In other parts of the world too, especially in Africa, integration of neighbouring countries may be a creative alternative to concentrate on, in order to reduce the unproductive political controversies existing between so many neighbouring countries. At the same time greater internal autonomy to deal with purely local problems can reduce tension between different cultural groups.

8.6 BALANCE OF PAYMENTS ASSISTANCE, IMF CONDITIONS AND THE DEBT PROBLEM

The protracted stagflation in the West, the tendencies to protectionism and the redistribution caused by the oil price increases have contributed to the trade deficits experienced by most Third World countries. Large credits have been offered by private banks which have accumulated to enormous debts in
several developing countries. Others applied for credits from the IMF.

The IMF usually applies a model valid for single countries in balance of payments difficulties, which we call the imposition of a deflationary policy.\(^2\) This model can be supplemented by additional facilities created for countries that are the victim of external forces (energy prices, exceptionally low prices of their export products) and these supplements constitute a softening of otherwise severe conditions.

A different situation develops if a large number of debtor countries are all asked to follow a deflationary policy. Then additional problems to the others are created by the Fund's conditions (cf. Holland's and Chakravarty's papers in the 1984 UNCTAD symposium, United Nations, 1985a). Again the Brandt Commission's 1983 recommendation (Brandt et al., 1983) applies, to double the SDR volume in circulation, instead of the 47 per cent increase actually performed.

8.7 TECHNICAL ASSISTANCE; APPROPRIATE TECHNOLOGY

Alongside the scarcity of physical and human capital, underdeveloped countries suffer from a scarcity of technological knowledge. In order to fill this lacuna, information on technology may contribute to a country's optimal development. Two main flows of such information are supplied: one by private investors, especially transnational enterprises, and one by technical assistance, supplied by the United Nations Development Programme (UNDP) or bilaterally by governments of developed countries through technological advisers.

A major problem involved is what technological information is optimal. Initially transnational enterprises and individual advisers almost automatically supplied information about the technology they were using in their own country. This was also the preference of the governments and citizens of the receiving countries, because they were impressed by modern technologies, thinking that their application would automatically create the level of well-being prevailing in the donor countries.

This is a misunderstanding since the results of a technology depend on the availability of physical and human capital. If a developing country produces with the aid of capital-intensive technology it may not be able to compete on the world market,
because capital is scarcer than in developed countries and hence more expensive. In many cases the workers may not be sufficiently skilled to use the capital-intensive method. In addition fewer workers will be employed, since the quantity of capital available is not sufficient to employ all workers. Gradually it has been understood that, as a rule, in developing countries other technologies will be optimal and so more appropriate than in developed countries.

The Dutch transnational enterprise Philips Lamps NV runs a pilot enterprise in Utrecht where alternative technologies are being tried out.

Appropriate technology is dependent on several factors not usually discussed in economic textbooks, these are largely of a technical nature, such as quality of the product, the quantity held in stock and the optimal size of one run of the product to be produced before the machines used are set (lot size) (cf. Boon, 1978, 1981).

Important new problems and new solutions are being introduced by the recent technological revolution created by the use of micro-electronic devices. ‘Computerisation’ and ‘automation’ open up wide new horizons which threaten large groups of workers in developed as well as less developed countries. The threat is directed in particular at unskilled workers and hence at developing countries, but also at entire branches of activity that can be replaced by the new technologies.

In principle, automation could be used to increase the total amount of goods produced worldwide, and increase everyone’s living standard. But under current economic systems the potential benefits often accrue only to a few entrepreneurs and to consumers at the expense of displaced workers, who will then naturally oppose these new technologies. Through the creation of new employment opportunities these benefits could and should be spread more equally.

When container shipping, which can eliminate a great deal of burdensome work, was introduced in the United States, the dockworkers staged a crippling four-month strike, out of fear of becoming unemployed. Japanese enterprises usually do not dismiss their workers when they introduce a labour-saving technology, but retrain them and re-employ them in better paying jobs. In this way, workers are motivated to search for ways to make their own present jobs unnecessary, because they share in the resulting benefits. Such policies are also in the
interest of entrepreneurs, because it enables them to introduce new technologies more rapidly.

In a large empirical study on the penetration of the new technologies in a number of Latin American countries, Boon arrives at the conclusion that this penetration is higher than anticipated by many economists since the quality of products requires computerised equipment such as numerically controlled machine tools (Boon, 1986).

8.8 SELF-RELIANCE AS A CORE OF DEVELOPMENT

Somewhat as a reaction to the concept of development through cooperation, it has been understood by those involved that alongside the subjects so far discussed, the role of the developing peoples themselves is at the heart of the process. Before the forms of cooperation discussed took the institutional shapes described, production, consumption and distribution took place and the larger part—more than three-quarters—of, for instance, investments were made by nationals of the countries of the Third World. The most desirable development for all concerned, as a matter of course, is development by the people concerned, in their own way, and as an expression of creativity and confidence in their own capabilities. All that can be done to stimulate self-confidence and creativity should be part of a development policy. Also here the role of schooling must be emphasised, and hence the creation of human capital. In this respect a country's or a people's culture fosters attitudes that may be more favourable to economic development in one case than in another. A well-known case in the United States are the so-called Pennsylvania Dutch, a community which holds to all sorts of antiquated means of production and habits. Obviously there are cultures which attach less importance to material welfare than others. Moreover, there are individuals within the same culture, people or race who are more materialistic than others. Thus, the larger part of America's white population is of European origin, but on the average they are more enterprising than the individuals of the same European countries who stayed in Europe. Of course the circumstances in which they grew up influenced their decision to emigrate: part of the Irish left during the potato famine of the 1840s, to quote one well-known example.

Similar considerations may be applied to other parts of the world. One could even venture an heroic generalisation and
formulate the hypothesis that the underdeveloped parts of the world are those of oldest settlement: from there the most enterprising individuals spread across the empty, or almost empty, regions, where the quantity of natural resources per person generally surpasses the quantity in the areas of oldest settlement. Easy generalisations are dangerous, though.

8.9 CONCLUDING REMARKS

In this chapter an attempt has been made to outline a group of political measures aimed at reaching a path of optimal development towards an optimal socio-economic order, as set out in Chapters 4, 5 and 6. We found that in the 1980s little progress towards an optimal world socio-economic order has been made. Such an optimal order would give a higher standard of living in the low-income continents (Africa, Asia and Latin America) in comparison to the high-income continents. Partly this will become possible if expenditures on armaments are reduced—an aspect to be discussed in Chapter 9. But also the socio-economic policy instruments themselves can make larger contributions. Population growth can and must be reduced, the pollution of the natural environment must be kept under stricter control. With the aid of technological creativity more welfare will be derived from a given quantity of resources. The socio-economic management of our planet can be improved considerably by the creation of some twelve to fifteen federations, cooperating in one world federation. A limited but important set of decisions will have to be made at the world level and authorities will have to be given the competence and the power to implement their decisions. The large majority of decisions on socio-economic policy remain in the hands in which they are now, but lessons from the past must contribute to make wiser decisions. For these decisions the sovereignty of individual nations can and should be maintained. But for decisions affecting other nations or continents it is in our own interest that sovereignty be shifted to higher levels. Only then is it possible for our own nation to avoid becoming the victim of what other nations could decide—by deciding jointly.
NOTES

1. As an illustration of what at that time was the opinion of the World Bank's President it may be recorded that this report was published three years after its completion.

2. Even in this case it is not always clear whether the Fund's counsellors are aware of the irrelevance to reduce a country's expenditures on non-tradables, such as primary education, health care and construction, with the purpose of improving its balance of payments.

REFERENCES

9 The Security Component:  
Long-Term East–West Policy

9.1 HISTORICAL BACKGROUND

In this chapter the security component of the world's policy for optimal development will be discussed. The hard core of such a world policy is a policy for peaceful coexistence of the eastern and the western blocs. If this policy can be formulated and pursued the other—numerous—security aspects will become tractable, at least in the long run. Some of the regional conflicts that threaten the world's security do so because the parties involved are now able to solicit the assistance of one of the two superpowers. In an attempt to set the stage of the present security problems we shall describe the evolution of what originally seemed to be a part of human nature, an aspect of mankind's society, but gradually deviated more and more from anything deserving the qualification 'humane'. Whereas human intellect, applied to the fields of technology and management as well as to the fields of satisfying refined and subtle needs, has made possible a happier world population and a planetary society without war, vice, errors and mismanagement have led us in the opposite direction. There is a real threat of the complete annihilation of civilisation and the larger part of the natural environment. The process of evolution, from elementary atoms through increasingly complex organic molecules, to living beings of ever more capabilities, up to the awesome creativity of the finest artists and scientists might, then, finish in self-destruction.

How in this, the most crucial, chapter of our study, did we arrive on this track, and is it possible to head for the optimal destination by shifting course?

In primitive human society fighting was one activity to satisfy basic needs, both physical and psychical, and physical strength was the most important instrument: a fully labour-intensive
activity. It remained so when complemented by mental capabilities. Soon enough means of production such as axes introduced a modest element of capital, as did the use of horses. A next step brought protection with shields and armour. Warships are another form of military capital. Single men united into groups and later formed armies. Armies could be hired and the Swiss, before becoming peaceful watchmakers, engineers and hoteliers, often fought as mercenaries for foreign rulers. Capital goods changed their character after explosives were invented, to manufacture guns, and economies of scale enlarged them. Manpower was enlarged by the introduction of conscription, forcing young men to fight even against their will. The father of economics, Adam Smith, discussed this militarisation and even called it the 'finest of arts', probably thinking of the courageous soldiers who risked their life or health to defend their nation. Whether the same qualification applies to an offensive war remains controversial, to say the least.

Alongside the non-volunteers non-combatants were drawn into the process. Some outsiders—nurses, doctors, the organisers of the Red Cross (or Red Crescent, in Islamic societies)—started to devote themselves to non-war activities. Some legal protection of the victims was introduced, still leaving intact the 'duty' of the conscript to participate in the war industry.

Individual authors introduced other ideas: 'die Waffen nieder' (down with weapons) wrote Bertha von Suttner (1843–1914; Nobel Peace Prize, 1905). These individuals showed their abhorrence and acted accordingly. Then politicians began to act, in the Peace Conferences of 1899 and 1907 in The Hague, leading to the building of the Peace Palace in that same city, now the seat of the International Court of Justice.

That palace had been hardly inaugurated when World War I broke out, as an almost unavoidable chain of events set in motion by the assassination at Sarajevo of Austria-Hungary's crown prince. So many nations were involved, as a consequence of the increased international links and rivalries, that the name World War was justified—the more so because several countries' colonies were drawn into the struggle. The most dreadful feature of this 'Great War' perhaps was the trench warfare in Belgium, which had been drawn into the war by the German violation of its neutrality. Innumerable young Europeans were killed and very many others crippled. The revolutions in Russia and Germany closed this tragedy, bringing to power the Communists in Russia and Social Democrats in Germany.
Peace conditions were imposed on Germany by the Western Allies which, as predicted by the famous economist John Maynard Keynes (1920), would disorganise the German economy and might lead to another conflict. Keynes, then 36 years old, was unable to persuade the older negotiators, but unfortunately was perfectly right. As a consequence of the Versailles Peace Treaty imposed on the Weimar Republic, its economy was forced into a hyperinflation, leading to an impoverishment of the middle classes. From 1924–29 there was a recovery, but in 1929 a world depression (later called the Great Depression) started and precipitated an unprecedented level of unemployment. Hitler gained widespread allegiance. By an unhappy combination of coincidences he understood how to manoeuvre himself into a dictatorial position of power. One of the unhappy coincidences was that he had good economic advisers and succeeded in quickly reducing unemployment which brought him much support and enabled him to remilitarise Germany ahead of other European countries and start World War II according to (his) plan. It did not end, however, according to his plan. The Allied forces were victorious—in particular, the Soviet Union. With the aid of tactical moves—non-aggression treaties, first with Hitler (1939) and later with the western democracies (1941), and with an unprecedented sacrifice of human life, the Soviet Union was able to counter the Nazis and to come out of the war stronger: the Soviet Union's sphere of influence shifted westward, to include East Germany, Poland, Hungary, Romania and Bulgaria, followed in 1948 by Czechoslovakia.

World War II was even crueler than World War I. Warfare had developed into "total war" and, among other features, all citizens were considered enemies and treated accordingly. Residential quarters became bombing targets, alongside military objects. Moreover, on the Nazi side an abhorrent racist target was pursued which placed "national socialism" outside human civilisation.

But World War II was fought by the Western Allies too as a total war: Dresden was needlessly bombed and the first atomic bombs were dropped on Hiroshima and Nagasaki. In fact, the discovery of processes to harness nuclear energy, and the present quantities available, has brought a qualitative mutation of the military instrument that requires a rethinking of the possibilities and the choices of warfare.

As a result of this very briefly sketched history of the evolution of war the starting point of any future security policy may be
summarised as follows. The main opponents in today's (1986) world are the United States and the Soviet Union (US and SU). Their conflicting aims are partly ideological and may be seen as an opposed view on the degree of centralisation of the economy, and partly geopolitical. Former Chancellor of the Federal Republic of Germany, Helmut Schmidt, thinks the latter element to be stronger than the former. The most threatening arms of the two main opponents ironically are a heritage of Hitler's rockets and are offensive. The arsenals of the SU and the US, although perhaps of comparable strength, are different in composition. The SU in 1983 had twice the number of tanks as the US, and eight times as many chemical weapons; their annual production of ballistic missiles is five times the US annual production (Berkhof, 1985).

The US has eleven aircraft carriers compared to the SU's one. It is considered to be stronger in micro-electronics, and the present administration favours a research programme known as the Strategic Defence Initiative (SDI) aimed at defence against missile attacks, which may well lead to an arms race in outer space.

9.2 SECURITY POLICY ACTIVITIES OF THE UNITED NATIONS (WORLDWIDE OR REGIONAL)

The threat to world security is generally acknowledged and in recent decades numerous initiatives to avoid it have been taken in various quarters. In this chapter these initiatives will be summarised as a starting point to arrive at proposals for a future security policy. This summary will be presented under two headings: what has been done in the framework of the United Nations (UN) and what has been done bilaterally by the SU and the US. This section deals with UN activities. These consist of meetings with the aim of drawing up treaties. In the UN the final-step meetings are those of the General Assembly (GA) and, as far as security is concerned, the Security Council (SC) (cf. Kaufmann, 1980). GA meetings may be the regular annual sessions or special sessions. Of the latter type two—the tenth (1978) and the twelfth (1982)—were devoted to disarmament. Disarmament and other security issues may, however, also be on the agenda of annual meetings. We shall also report on regional meetings and treaties.

The results of past discussions of the many aspects of security
may be summarised by a chronological list of treaties concluded:

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<th>Year</th>
<th>Treaty Description</th>
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<tr>
<td>1959</td>
<td>Antarctic Treaty</td>
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<td>1963</td>
<td>Partial Test Ban Treaty</td>
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<tr>
<td>1967</td>
<td>Outer Space Treaty</td>
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<tr>
<td>1970</td>
<td>Non-Proliferation Treaty (NPT) enters into force</td>
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<tr>
<td>1971</td>
<td>Telcelco Treaty: Seabed Treaty</td>
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<td>1975</td>
<td>Biological War Treaty</td>
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<tr>
<td>1975</td>
<td>Final Act, Helsinki Conference on Security and Cooperation in Europe (CSCE); First Review Conference of the NPT</td>
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<td>1977</td>
<td>Belgrade follow-up to Helsinki CSCE</td>
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<td>1978</td>
<td>Protocol I added to Geneva Conventions of 1949 on environment modification (ENMOD)</td>
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<tr>
<td>1979</td>
<td>UN Moon Agreement</td>
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<tr>
<td>1980</td>
<td>Second Review Conference of the NPT</td>
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<tr>
<td>1982</td>
<td>Madrid follow-up to Helsinki CSCE</td>
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<tr>
<td>1984</td>
<td>First Review Conference on ENMOD</td>
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<tr>
<td>1985</td>
<td>Third Review Conference of the NPT</td>
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Restricting ourselves to the more important of the agreements listed, we do not deal with the Antarctic Treaty (1959) and the Moon Agreement (1979). The 1963 Partial Test Ban Treaty deals with the important issue of stopping the testing of new weapons. Under the 1963 Treaty not all testing is banned, but testing in the atmosphere, in outer space and under water. A comprehensive test ban has not yet been agreed upon.

The 1967 Outer Space Treaty deals with the principles governing the activities of states in the exploration and use of outer space, including the moon and other celestial bodies (Kaufmann, p. 84). It was followed by other agreements, prepared by the same committee, established in 1959 (the GA Committee on the Peaceful Uses of Outer Space). Another agreement in this series is the UN Moon Agreement (1979) mentioned before. The committee also discusses 'remote sensing'; that is, the remote observation of relevant objects and more particularly from the atmosphere and outer space (cf. Voûte, 1985), which is of considerable economic and security importance.

The Non-Proliferation Treaty (NPT) aims at a containment of nuclear arms to the countries which are already in the possession of such arms and the limitation of these arms where they exist. As a *quid pro quo* the countries not having nuclear arms will be assisted in obtaining nuclear energy for peaceful purposes. The 1985 Third Review Conference found the Treaty to be operating
'satisfactorily'. The doubtful significance of the NPT for the struggle against nuclear arms is set out, however, by Alva Myrdal (1976). Even so, in 1985, the non-nuclear, neutral and non-aligned member countries succeeded in exerting considerable pressure on the US, the United Kingdom and France to participate in the urgent negotiation of a Comprehensive Test Ban Treaty (cf. Epstein, 1986).

The Tlatelolco Treaty aims at keeping Latin America nuclear-free. Argentina, Brazil, Chile and Cuba have declared themselves not bound to it, however. It was drafted by the Mexican, Alfonso García Robles, who received the Nobel Peace Prize in 1982.

The 1971 Seabed Treaty aimed at keeping the seabed nuclear-free. Its relative importance will grow after the new Law of the Sea has been ratified by the necessary number of states: then the positive use of the seabed will have been identified and agreed upon.

The 1975 Biological War Treaty attempts to limit the use of bacteriological weapons. Although verification is so difficult that it has not been provided for in this treaty, the American stocks of these arms have been destroyed.

The meetings of Helsinki, Belgrade and Madrid are regional and deal with security and cooperation in Europe. Although formally agreement on a number of principles has been attained this does not contribute to a real solution of the East-West tension in Europe: the meaning of expressions such as 'human rights' are interpreted by both sides in their own way.

Protocol I, added in 1978 to the 1949 Geneva Conventions, deals with military techniques that modify the environment, to which limitations are set. The First Review Conference in 1984 stated that these have so far been effective. There are 45 members. The next review conference will not be held before 1989.

Important debates on security issues and especially on disarmament have been held in Geneva since 1962, first in the Eighteen Nations Disarmament Committee (ENDC), later enlarged to 26 members (1969) and to 31 members; its name having changed several times and finally (1984) called Conference on Disarmament (CD). Its report to the GA traditionally became one of the main substantive reports before the GA's First Committee (Kaufmann, p. 33). The CD is chaired alternately by one of the superpowers. Important contributions to CD's deliberations have been made by the Swedish delegate Alva Myrdal and her successor Inga Thorsson. Not much progress towards disarma-
ment has so far been made. This has been highlighted in Myrdal's famous book, *The Game of Disarmament*, sub-titled *How the United States and Russia Run the Arms Race*. Based on an impressive amount of factual documentation, the superpowers are accused of playing a game with the rest of the world and being interested exclusively in their own arms race. Five years after the publication of this book, in July 1981, Inga Thorsson made an eloquent summary of the state of affairs in the last full session before the GA Special Session on Disarmament II to which the CD was to report. To paraphrase, she said: 'Do the leading military powers have the sincere will to achieve the goals they supported three years ago? ... And so here we sit, all bilateral arms negotiations suspended and their commitment to multilateral arms negotiations doubtful.' Among the points made and the questions attached the following issues are dealt with.

With regard to European Theatre Nuclear Forces (TNF) serious negotiations are still not in sight. Agreement to reduce them will be infinitely more difficult. The Swedish government has never believed that the dual deployment of SS-20s and Pershing and cruise missiles are necessary to maintain the existing rough equilibrium. We have, therefore, the right to request that TNF negotiations start without further delay.

On SALT II she repeated her demand to both superpowers to respect the provisions of SALT II.

She then made a tour d'horizon of the other items, each supposed to be entrusted for consideration to *ad hoc* working groups. On the elaboration of a Comprehensive Disarmament Programme under the chairmanship of Ambassador García Robles she was satisfied. On the establishment of negative security assurances she considered it encouraging that under the chairmanship of Minister Ciarrapico the corresponding working group was seeking a formula to assure non-nuclear weapon states against the use or threat of use of nuclear weapons. Only coordinated and binding undertakings by the nuclear weapon states are satisfactory, however. The unilateral declarations so far made only benefit the nuclear weapon states and their allies. This is unacceptable. In April 1981 Ambassador Lidgard asked the nuclear weapon states' representatives to confirm that the states outside their alliances and committed to a permanent nuclear weapon-free status be exempted from the use or the threat of use of nuclear weapons: 'We have not yet received any answer.'

The issue dealt with in the third working group, on banning
radiological weapons, is an example of the limited importance which the superpowers attribute to the CD. The draft Radiological Weapons Treaty they put before the Committee completely lacks substance. A prohibition on the attack against nuclear installations should be added to the draft. The drafters would do well to listen more carefully to the arguments in favour of such a prohibition.

The subject of chemical weapons, dealt with in the fourth ad hoc working group, needs to enlarge a prohibition on production and stockpiling of chemical weapons.

Unfortunately some working groups don’t exist, especially one on a comprehensive weapon test ban. Some delegations of nuclear weapon states still refuse to enter multilateral negotiations on the highest priority of our agenda, disregarding their own votes in favour of such a step in the UNGA. Another concerns stopping the nuclear arms race and nuclear disarmament. In both cases Sweden associates itself with the Group of 21.

Finally Mrs Thorsson expresses the need to add to the CD agenda the subject of the military use of outer space. To sum up, official disarmament negotiations, the success of which is so desperately needed, show a dismal record and we know where to place the blame for it.

The general public is beginning to lose patience and increasingly shows this, in a quickly growing peace movement. On their side they find eminent experts like George F. Kennan. Weapons are no longer a means to security; they have become a threat to security.

We have given an unusual amount of space to Mrs Thorsson’s address, since we believe it to be a clear exposé of today’s problématique. Between 1981 and 1986 not much progress was made.

The 40th meeting of the GA (1985) adopted a resolution on the Prevention of an Arms Race in Outer Space in which all states are called upon to contribute actively to the peaceful use of outer space and the superpowers urged to pursue intensively their bilateral negotiations. The CD is requested to deal with the subject and report to the 41st (1986) GA.

Simultaneously with the CD meetings in Geneva, discussions have been going on in Vienna, which started as long ago as 1973, on the Mutual Balanced Force Reductions (MBFR) in Central Europe. Involved are East Germany (DDR), Poland, Czechoslovakia, West Germany (FRG), Belgium, the Netherlands and Luxembourg (Benelux), and the countries with armed
forces based in these countries: the SU, US, Britain and Canada. The intention was to reach an agreement on a two-phased reduction to 900,000 on both sides, of which 700,000 would be land forces. After countless meetings no agreement has been reached. Most of the discussions dealt with differences of opinion about the number of men actually present in the area.


Our summary of the multilateral negotiations provides a clear picture of the stalemate the world is in, mainly as the consequence of the distrust between the superpowers, whose points of view at least up to 1986 were hopelessly rigid on the main issues: social system and arms reduction. It is obviously their responsibility to find a way out of this impasse, from which the world at large, but also they themselves may become the victims.

9.3 SECURITY POLICY BILATERAL ACTIVITIES OF THE SU AND THE US

As set out in the preceding section the superpowers are so preoccupied with their bilateral problems that they prefer to ignore multilateral relations, except to some extent those between their alliances, NATO and the Warsaw Pact. One excuse is the one nation, one vote system of the UN and many of the UN institutions, to which we shall address ourselves in Chapter 11, in particular. So let us now look at what bilateral negotiations have led to. So far those have resulted in some agreements now to be discussed. In 1963 the Hot Line Agreement was concluded, establishing the possibility of consultation at the highest level with the aid of a direct telegraphic connection. In 1971 this was technically improved. Such consultation may serve to reduce the impact of misunderstandings or errors in the communication techniques used.

Around 1970 a period of détente contributed to the Strategic Arms Limitation Talks (SALT I). Strategic arms are the missiles able to hit directly the other party's territory, a capability created by the Intercontinental Ballistic Missiles (ICBMs). The talks led to the most important treaty so far concluded, the Anti-Ballistic Missile (ABM) Treaty. Its main aim is to limit the attempts
made on both sides to switch to a defensive system against ICBM attacks. It is tragic that the superpowers, both presenting themselves as peace-loving nations, after the War started to copy an aggressor (Hitler), instead of concentrating on defensive weapons from the start. Once offensive strategic missiles are deployed, switching to a defensive system (transarmament) implies the danger of one party attaining a first-strike capacity because it believes it is protected against retaliation. Hence it can only be undertaken jointly and hardly so at all under present circumstances. The ABM Treaty limits defensive weapons to 100 on both sides, at no more than two sites; in 1976 this was reduced to one site. One of the useful institutions created is the Standing Consultative Commission, where interpretations and amendments to the treaty can be and have been discussed—a modest contribution to more mutual confidence. Under the treaty military satellites for reconnaissance, surveillance, early warning and communications are permitted and called 'national technical means of verification'. Developing, testing, or deploying anti-ballistic-missile system or any component that is sea-based, air-based, space-based or mobile land-base is banned. Only fixed land-based systems or components are permitted. 'Modernisation' is also permitted. 'Exotic' sophisticated technologies, such as lasers or particle beams, must not be used—according to the 1984 version—unless the parties consult and amend the Treaty (cf. Chayes, Chayes and Spitzer, 1985).

The second agreement concluded in 1972 is known as the Interim Agreement on the Limitation of Strategic Offensive Arms. The limits set are so high and leave open so many loopholes (e.g. MIRVing), that this agreement is hardly relevant (cf. Myrdal, 1976, p. 105).

In 1972 also the Agreement on Naval Vessels Information was concluded. The acronym ABM was changed to BMD—ballistic missile defence.

In 1974 the Threshold Test Ban Treaty (TTBT) was concluded between US and SU. Tests could go on until 31 March 1976, but from that date were limited to 150,000 tons (ten times the power of the Hiroshima bomb). This too can hardly be taken seriously (cf. Epstein, 1976).

Finally, in 1979, a further limitation was agreed upon (SALT II). This treaty was not ratified by the American Senate, however, and in late 1986 the US exceeded the negotiated limits.

In 1981 the SU presented a draft treaty in the UN banning all anti-satellite (ASAT) activities. When in 1983 the US had still
not replied Richard Garwin, Kurt Gottfried and retired admiral Noel Gayler drafted an alternative text and presented it to the US Senate Foreign Relations Committee. In that same year the SU presented a new draft, which incorporated most of the concerns expressed by the three men (cf. Garwin, 1984). In his address to a UN Symposium (26 January 1984) the last author expressed the hope that one feature of the SU 1983 draft could be changed in negotiations. He added that otherwise it would be an enormous progress (in the interest of US and international security) to have a treaty banning all ASAT weapons from space, all ASAT tests and the use of force against space and from space to earth.

It was also in 1983 (23 March) that President Reagan launched his Strategic Defence Initiative (SDI). As is well known, this initiative is aimed at research to find a defence against an ICBM attack. Most independent scientists doubt whether such a technology can actually be invented. The implication is that the party which first invents the technology attains a first-strike capability. Autonomous research of the two superpowers constitutes a new arms race. The only alternative is joint research, which, if successful, could contribute to common security.

On 6 August 1985, the SU began a unilateral moratorium on all nuclear tests and invited the US to join it. The Reagan administration refused, saying that periodic tests of existing nuclear stockpiles were necessary to be certain of their continued reliability. But high reliability is needed only in a first strike, where every weapon must work, because otherwise surviving enemy missiles could retaliate. To deter a nuclear attack through the threat of retaliation high reliability is not needed. Even the fear that only a portion of the nuclear weapons launched in retaliation would work would be a formidable deterrent against an attempted first strike. Above all, a potential aggressor could never be sure that every weapon of the opponent would fail to explode because it had not been tested for a long time. In this way a comprehensive test ban would reduce the instability of nuclear deterrence, by casting doubt on the chances of success of a first strike, without weakening the deterrent effect of the threat of a retaliatory second strike (cf. section 9.7).

On 15 January 1986, General Secretary Gorbachev proposed a treaty to eliminate all nuclear weapons by the year 2000. President Reagan has said that it contained some positive elements, but has not yet responded to the full Soviet proposal. Gorbachev offered to eliminate, in a first phase, all SU medium-
range missiles in Europe in return for an elimination of US medium-range missiles stationed in Europe, leaving French and British missiles unchanged. The SU gave up its earlier demands that French and British nuclear forces be balanced by SU medium-range missiles, and accepted the long-standing US position that the US could not negotiate on behalf of the French and British. The US government then came back and said it was now also negotiating on behalf of the Japanese and Chinese, and demanded an additional reduction in Soviet medium-range missiles in Asia. Whether the SU will make further concessions and accept this new demand, remains to be seen (cf. section 13.9).

9.4 PRESENT WAR THREATS: A SUMMARY

Let us now briefly summarise what threats mankind faces at the time of writing (1986).

First of all the world—and in particular the two superpowers—have an enormous over-capacity of weapons capable of killing all mankind and much other life several times over. According to some estimates nuclear weapons with an explosive power of 100 megatons would suffice to produce a ‘nuclear winter’: some 16,000 megatons are stockpiled (Sagan, 1983).

Secondly, the arms race continues, both quantitatively and qualitatively. Enormous quantities of productive power are spent on a further increase of the arsenals and on the design of new weapons which may add new, as yet unknown dangers, instead of negotiating reductions in size and stopping further research. On a few points only agreements have been concluded, and on many items many years of discussions had led nowhere.

Thirdly, these arsenals may be used because of either (i) a regional dispute is escalating into an uncontrollable world-wide conflict; or (ii) a pure accident creating misunderstandings and panic; or finally (iii) one of the superpowers thinks its sphere of influence is being encroached on by the other superpower.

Among the regional conflicts are those between Israel and many Arab states; the Iran–Iraq war; the Afghanistan war; the Central American conflicts; the South African conflict and wars in the Horn of Africa. There are also several slumbering conflict issues. One dangerous form they assume is terrorism.

Accidents are considered by some commentators to be potentially the most threatening. They may take the form of an error,
doing something that was not intended, because of an erroneous use of a tool, by a technical defect, by a wrong interpretation of an observed movement, and so on. The equipment we are using is so complicated that many types of error are possible. And as long as errors remain possible, they will happen, with ever-increasing probability and ultimately with certainty, in the long run.

With regard to the two superpowers, both have been rigid in their views of the non-acceptability of social reform. In Eastern Europe, Czechoslovakia, Hungary and Poland have all experienced how narrow were the variations permitted by the SU. In the western hemisphere, Cuba and Nicaragua had similar experiences. In Afghanistan the SU tries to support a 'friendly' government against an indigenous guerrilla movement, as the US earlier tried unsuccessfully in Vietnam.

Many western citizens don't like and don't trust the way communist-ruled countries are run, even people who admit that in many communist-run countries a number of favourable institutions exist and operate. They don't like the monopoly of deciding how the optimal order must look, claimed by the Communist Party. In particular social democrats (democratic socialists) claim the right to hold a legitimate dissenting opinion. The way dissidents are treated in communist countries is considered to be a violation of human rights.

9.5 SUSPICION OF THE GENERAL PUBLIC: PEACE MOVEMENTS

In recent years mass movements in the West have grown in favour of arms reduction or disarmament. In Eastern Europe such movements are only possible when organised by the party or the government and spontaneous movements are suppressed. The probability is high that similar feelings do exist in Eastern Europe, however. East European governments want all peace-lovers to be communists too, but this is not necessarily the case. There is an asymmetry which should not be overlooked.

Western peace movements should be seen as an indication that the policies so far followed by all governments—communist as well as non-communist—taken together have not worked. They have only brought increased arsenals on both sides. In Western Europe the additional problem is that, like Eastern Europe, it does not want to become a war theatre. In a sense
the conflict is one between the SU and the US, which tend to see the problem of the optimal social order in an over-polarised way. In this controversy both are exaggerating: neither laissez-faire nor complete central planning is optimal; the optimum is somewhere in between. Interestingly enough, Japan also has a mixed economy, with a greater role played by the government and more industrial democracy than the US.

The most important aspect for western countries is, of course, the security problem and in recent decades little progress has been made in this field. It is mainly this fear that is demonstrated by the mass peace movement. The solution of a complex problem should not be expected from mass demonstrations alone, however. It also requires creative thinking and the overcoming of obsolete ideas. To expect the traditional military establishments to take a leading role in the abolition of war would be as illusory as if the anti-slavery movement in the last century had expected the slave-traders and owners to take a leading role in the abolition of slavery.

As discussed before, the problem of security has been changed fundamentally by the development of nuclear weapons—or rather by weapons of the quality and in the quantities now available.

At the end of World War II, when Hiroshima and Nagasaki were bombed, the fall-out was still not such as to affect the atmosphere of the earth as a whole. So the dividing line is not qualitative, but quantitative and that quantitative frontier has now been passed.

The superpowers have more weapons than can be used, since they also hit the aggressor. Although modern polemologists (peace researchers) have used this argument, it is not certain whether they have completed their thinking.

The two superpowers are now building smaller and more accurate nuclear weapons, which they hope will not produce a ‘nuclear winter’ and could be used in a ‘limited’ way. But this may well be an illusion. Nobody can guarantee that, if nuclear weapons are ever used in a war between the superpowers their use would remain limited. That implies that nuclear weapons—and other weapons of mass destruction—do not have any real value. Only conventional weapons would have ‘value’. Since the SU is stronger than the US in terms of conventional weapons in Europe it would follow that in actual fact the SU is stronger, but thinks the US is evil and stupid enough possibly to use nuclear weapons if the SU attacked—stupid, because in so doing it would commit global suicide.
Apart from these issues, the possibility of an accidental nuclear war is real and may well be the greatest danger, as already observed. Its ultimate elimination will require the dismantling of the nuclear arsenals. (Cf. also the excellent ‘Background Information’ by the World Council of Churches, 1986, 2: C.J. Hamelink, Militarization in the Information Age, Geneva.)

9.6 THE ROAD TO THE OPTIMUM; TREATIES TO BE CONFIRMED

We have now arrived at the subject proper of this chapter: the long-term East–West policy. So far we have only set the stage. Now the game must be described—not the game Alva Myrdal suspects the superpowers are playing. We must hope that a willingness to play a better game, together with the ability to play such a complicated game is forthcoming.

The real optimum, as discussed in Chapters 4, 5 and 6, is an order of common security; that is real cooperation between the superpowers. This remains a long-run goal; and not, we must hope, a mirage. But what can we propose as a road in that direction? It seems useful to discuss this topic under two headings: treaties to be confirmed and new treaties to be concluded. In this section the treaties to be confirmed will be discussed. These treaties are the (meagre) harvest from past negotiations, and it is desirable that we use them as a proof of confidence.

The three main treaties that, in our opinion, have to be confirmed are the Non-Proliferation Treaty (entered into force in 1970), the Anti-Ballistic Missile Treaty (1972) and the SALT II (signed in 1979). As is well known, the latter has not been ratified by the USA, and its numerical limits have recently been exceeded by the Reagan administration. It is desirable that compliance with the treaty be restored, as the US Senate has urged, and that it be ratified.

The crucial question remains, of course, how the existing profound mistrust between the US and the SU can be reduced. Among other methods (such as scientific, artistic and tourist cooperation in a non-political atmosphere) we think the discussions in the Standing Committee for Consultation established by Article XIII of the ABM Treaty may contribute. Such discussions are concentrating on very concrete subjects in the framework of an existing agreement. Similar occasions may be created by the conclusion of new treaties.
9.7 **ADDITIONAL TREATIES TO BE CONCLUDED**

Under this heading amendments or reinterpretations of already concluded treaties should be discussed.

The choice between alternative subjects and texts of treaties depends on a variety of aspects. Of these verifiability plays an important role and verifiability depends on the possibility of on-site inspection. It also depends, as we know from experience, on observation, whose technology may be improved.

The first example of an amendment to an existing treaty is the conclusion of a Comprehensive Test Ban Treaty, as an extension of the 1963 Partial Test Ban Treaty which did not apply to underground tests. The latter should also be covered.

A second example is the ban of all weapons in outer space. Here we have an example of many possible alternatives (cf. Gottfried and Lebow, 1985). These authors, after having discussed in some detail what the implications of various alternatives are, conclude that ‘a comprehensive ban on the testing of space weapons and more ambitious programs to protect satellites’ (p. 168) should be given preference.

A third example, and at the same time a complement to the ban just discussed, is the SU proposal made in 1981 to the UN to discuss in the GA cooperation for peaceful research of space. This proposal has not been taken up by the US, but some individual American scientists published their views in 1983 and in response the SU modified its proposals. In 1985 it was again put before the UN. The GA referred it to the CD, as stated in section 9.2.

A fourth example is a ban of all chemical weapons in an agreement that also established a Permanent Consulting Commission in order to meet regularly and adapt the agreement if circumstances make this desirable. In the report of the Palme Commission an additional proposal was made to create a chemical weapon-free zone in Europe (cf. Palme et al., 1982, p. 150).

A fifth example concerns ASAT weapons. Discussions on this topic were organised by the Stockholm International Peace Research Institute (SIPRI) in September 1983, and by a symposium at UN Headquarters, convened by James Olson, Chairman of NGO Committee on Disarmament (cf. Jasani, 1985; Garwin, 1984). SIPRI recommends a complete ASAT ban as the ultimate goal, with, as a first step, a bilateral moratorium on testing and development of ASAT, followed by a negotiated ban on testing and an agreement on no first use of ASAT weapons.
Garwin recommends, 'in the interest of the US and international security', a treaty banning all ASAT weapons from space, all ASAT tests and use of force against space and from space to earth.

At present the SU is observing a moratorium on ASAT tests, and the US Congress has cut off all funding for ASAT tests for as long as the SU maintains its moratorium.

Last but not least, a sixth example is a group of agreements on substantial reductions in various types of armament. As mentioned in section 9.3, an elaborate proposal was made on 15 January 1986, by Secretary General Mikhail Gorbachev, containing a timetable for the elimination of all nuclear weapons by the year 2000. The necessary negotiations would be better prepared if a similar proposal were offered in response by the US or NATO, also covering the conventional supremacy of the SU.

One crucial aspect of our situation remains, of course, whether both superpowers really want to negotiate; this willingness depends on their understanding that sovereignty in matters of security does not exist.

We finish this section by mentioning that the Palme Commission lists in its report (pp. 178–81) a large number of short-term and medium-term measures, procedures for strengthening the United Nations, and regional approaches to security. Among them are proposals identical or very close to our six main examples. In this book the subject of strengthening the United Nations will be taken up in Chapter 11.

9.8 UNILATERAL STEPS

The stalemate the world is in can be broken by undertaking unilateral steps before any negotiations lead to agreements. Such unilateral steps may help to reduce the suspicion of the other party and help the world to resume a process of détente. One precondition to undertaking unilateral steps is that the level of armaments is more than is needed for the security of both sides. Although complete certainty is impossible, there are sufficient indications to initiate such a process of unilateral steps and some are practised at the time of writing such as moratoria on some programmes as an encouragement to the other party to reciprocate.

The best-known proposals on unilateral steps are those formulated by McNamara. In *Newsweek* (5 December 1983) he lists 18 short-term proposals. Some of these are for negotiations, and
The Security Component: Long-Term East-West Policy 133

hence are not unilateral actions in the strict sense. But a number of others are unilateral.

2. Renounce the strategy of launch-on-warning.
3. Announce that we would not retaliate against a nuclear strike until we had ascertained the source of the attack, its size and the intention of the attacker (who may be a terrorist).

5. Renounce the strategy of decapitation strikes, that is, spare the enemy's command-and-control apparatus.

7. Announce immediately a policy of no first use. Publicly state that a conventional attack will be met with NATO conventional forces.

9. After consultation with our allies, withdraw half of our 6000 nuclear warheads now stockpiled in Western Europe.
10. Redeploy to rear areas the remaining nuclear warheads deployed along West Germany's eastern border.

12. Unilaterally halt the development of destabilising weapon systems and those that have no deterrent value, e.g. the neutron bomb. The MX is a destabilising system because it has a very high ratio of warheads to launchers. The Pershing II missiles are destabilising because the US believes that they could be used for a decapitation strike.

14. Introduce a 'permissive action link' into every NATO warhead (electronic permission from the President).

16. Strengthen nuclear non-proliferation programmes, to reduce the possibility that terrorists may obtain access to nuclear warheads.

18. Announce a strategy of lesser retaliation—a proposal already made by McGeorge Bundy, national security advisor to Presidents Kennedy and Johnson.

9.9 NON-MILITARY POLICIES

As discussed in Part I, security is not dependent only on the use of military instruments. There is an important interconnection between instruments of economic policy and security. Helping to solve a potential opponent's economic problems, but doing so only in times of peace, may make an important contribution to both countries' security. Concrete examples are wheat exports by the US to the SU which have been a regular feature of the last decade or so. Additional examples are the supply of high-
tech products that are useful only for peaceful or defensive but not for offensive activities.

In a more complicated and indirect way the opposite happened to the German Weimar Republic (1919–33). The reparation payments imposed on Germany by the Versailles Treaty of 1919 indirectly contributed to the outbreak of World War II, as discussed before and forecast by Keynes. Similarly the Japanese participation in World War II may be explained to a considerable extent by the import quotas on Japanese products between 1930 and 1941.

The results of Model C (cf. section 4.9) suggest that the impact of non-military instruments on security may be such that significant economic assistance may be part of the optimal socio-economic order.

NOTES

1. Florence Nightingale (1820–1910) was one of the leading personalities.
2. Henri Dunant (1828–1910) was the founder, who received the Nobel Peace Prize in 1901.

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10 Learning Processes

10.1 PEACEFUL COEXISTENCE REQUIRES LEARNING PROCESSES

Security policy as set out in Chapter 9 will only succeed if human attitudes—and in particular the attitudes of leading politicians—satisfy certain conditions. It is perfectly conceivable, unfortunately, that leading politicians do not have sufficient maturity to perform the difficult tasks they have to accomplish. In Churchill’s words, we need statesmen, who unlike politicians, think of the next generation and not only of the next election. The founding fathers of the European Community were statesmen, and so was F.D. Roosevelt, to mention some western examples. In section 3.3 we dealt with human nature as a possible restriction on what can be accomplished.

The learning processes we propose to discuss here are not, of course, the learning processes by which young people acquire from the previous generation the knowledge and the insights accumulated by mankind over the centuries. Rather, the changes needed are because new circumstances prevail and discoveries have been made which were not available to the leading thinkers of the past. Adam Smith and Karl Marx were great thinkers, but nuclear energy had not been discovered in their day. Even though environmental pollution was known in London, the dimensions it would assume in the twentieth century could hardly have been imagined. We cannot blame our great thinkers of the past, but we must understand that we would be culpable if we did not take into account these discoveries or circumstances. In fact we would be behaving unscientifically if we did not integrate this new knowledge into the intellectual inheritance of humanity. Most important of all aspects of this more fundamental higher-order learning process is that we have to do it ourselves, without
the help of either Adam Smith or Karl Marx. If we do not try to integrate the new insights we would be guilty of neglecting our present tasks. We can be helped in our present task by those leading scientists who were still alive or made the discovery. It remains a question of semantics whether the adapted knowledge is, or is not, called neo-liberalism or neo-Marxism. The important point is that our policies should reflect our new knowledge.

10.2 CENTRAL PROBLEMS

In an attempt to plan the higher-order learning process, let us list the central problems whose solution must be found. This is done by identifying what circumstances and discoveries essentially have affected future life and through what chains of cause and effect. Before starting this process we should remind ourselves of a fundamental defect in human beings that probably resists any attempt at learning: the ethical underdevelopment of our species. Or is it the ethical underdevelopment of the majority of political leadership? The latter possibility would still leave some hope that even here some progress is possible.

Be that as it may, by far the most influential discovery in the twentieth century was the discovery of nuclear energy. What forces led to that discovery? Contrary to many other discoveries this one was not related to ethical underdevelopment. It was curiosity and admiration for Nature. We think that all who knew Einstein, or the spirit in which fundamental physical research is done would agree. It was only some time after the possibility of transforming matter into energy was discovered that physicists became aware of its implications. And then, very soon, ethical underdevelopment was demonstrated. Nuclear weapons were produced and devastated Hiroshima and Nagasaki. At the time the quantity of nuclear weapons had not yet reached the level that brought about the fundamental change in circumstances we now live in: that using nuclear weapons is suicidal. But the propensity to struggle and to use in that struggle all means available led to the military use of nuclear energy in an ever-expanding arms race and now the killing capacity available in nuclear arsenals enables the superpowers to kill all humanity.

A second change in circumstances in the twentieth century was the depletion of natural resources because of the accelerated consumption of exhaustible resources. We have already exhausted the exploitable deposits of several minerals in Europe. Many
coal mines have been closed because the commercially viable deposits are exhausted. We don't have a policy to maintain the stocks available, as usual, in a rational exploitation of forests. The earth's forests are shrinking, because, for the world as a whole, we don't have a feasible policy. In addition we are destroying the quality of our trees as a consequence of acid rain. In the nineteenth century, when some of our main economic policy concepts were coined, this exhaustion of the world's resources was not taken into account.

A third example is the new technological revolution of microelectronics. The essential features of this revolution may be formulated in different ways. One aspect of it is that the time needed to compute (that is, to find the numerical solution of a mathematical problem) has been reduced very considerably. The possibility of some technical processes depends on the speed of certain calculations. In other cases not the possibility, but the speed of a technical process depends on the speed of computations and hence productivity. In the technological revolution we are discussing computers therefore play their part. Other aspects are the replacement of manual work by machines in processes not yet mechanised and the extension of that replacement to non-manual (mental) work. This also happens with computers, but in addition there are robots, and numerically-controlled machine tools. Another catchword is automation as a wider concept than mechanisation. Finally information is involved. Information has become so much cheaper that it is introduced as a production factor in many processes where before it would not have been used. In a way the aspects mentioned are not new, but the quantities involved have risen enormously; and very large quantities may sometimes constitute a qualitative change.

The main threat resulting from this revolution is the creation of still more unemployment, partly because the precondition of employment is a level of schooling which a number of individuals are unable to complete. If the numbers of unemployed become a sizeable portion of the total population a qualitatively new phenomenon may threaten society.

Another threat of the technological revolution is the increased precision with which a missile may be launched. In certain circumstances this may create first-strike capability.

A fourth example of a phenomenon much less known a century ago is one we call counterproduction (cf. Tinbergen, 1985). This consists of a number of processes that destroy production of either the same individual or other individuals. An elementary
example is vandalism. More indirect forms of counterproduction are those of pollution, already discussed. Other forms are unhealthy consumption, especially of hard drugs, but extending to more innocent forms such as sugar (rotting children's teeth) and tobacco (causing heart disease and lung cancer). As a consequence of greatly increased real income the extent of these forms of counterproduction have made them qualitatively new problems: increased counterproduction may end with self-destruction.

As a fifth and last example the new discoveries in biology should be mentioned, concerning the discovery of the structure of the very complicated molecules of which living beings are composed and of the ways in which their inherited characteristics are obtained in the process of propagation. This discovery enables man to interfere and to change the inherited properties (genetic engineering). For the time being very simple living beings only are the object of experiments, but the way seems open to extend this discovery to higher beings up to humans. The way is thus open to intervene in the spread of illnesses. Both very positive and very negative interventions are possible; one of the latter being part of biological warfare, mentioned in section 9.2.

10.3 ETHICAL UNDERDEVELOPMENT

The ethical underdevelopment of the human species manifests itself in the speed in which new discoveries of any type are being applied to harm each other by all sorts of criminal activities. Explosives found their way to murderers' guns, chemicals of many sorts were used to poison the enemy, and various types of arms races characterise the relationships between criminals and the police. This refers to micro-crime. Its counterpart, macro-crime, is the province of the military activities between nations. Technological development is very evident in this area of human activities and even pre-eminent in several types of technology. Aircraft development is a well-known example, and the penetration of nuclear energy into the military system has been mentioned many times in the preceding chapters of this book.

Ethical underdevelopment clearly showed up in the limited impact on society of the appeals to compassion for war victims made by the recipients of the Nobel Peace Prize. We mentioned
earlier Henri Dunant and Bertha von Suttner. Ethical underdevelopment has also very clearly distorted religious life. The attitudes and behaviour which together constitute religious life are characterised by unbelievable inconsistencies and contradictions. Cruel wars have been fought in the name of Christianity and of other religions whose principles are love for other human beings. Policies bringing advantages to the rich were and are pursued in the name of Christ. Protestants were prosecuted and killed by Roman Catholics and vice versa in the sixteenth and seventeenth centuries and it is still happening today in Northern Ireland.

Another inconsistency is the paltry amounts made available by the 'Christian' West for development assistance.

10.4 SOURCES OF LEARNING: THEORY

Learning essentially springs from two main sources, and preferably simultaneously from both. We shall call them theory and experience. By learning from theory we mean learning from thinking about the relationships between two or more variables, e.g. aims and means of policy. Here policy stands for human action in order to attain certain objectives or aims and means are a specification of that action. The concepts of aims and means have been discussed extensively in Chapters 1–4. In fact, the object of publishing the present book is to set in motion a learning process by the reader, after the authors have themselves gone through many learning processes. This implies, inter alia, that our opinions after completing this book differ from the opinions we held before starting to write it. They don't differ on all points we are trying to make, but they do on some points.

Scientific thinking is a complex activity, composed of many elements. These elements may be relationships between the entities, phenomena or variables with which some science—the science we are thinking about—is concerned. The most important science for this book may be called peace research, or, more exactly, the economics of peace research; or generalised economics. The generalisation consists of the integration into economics of security as an aim alongside the traditional aims of applied economics.

We use the term 'peace research' because it has become a concept inspiring confidence in present generations. The learning process this chapter deals with may be defined as adapting one's ideas about socio-economic policy to the results of peace research.
As one of the central examples we quote the proposition derived from peace research that a nuclear war cannot be won. If this proposition is integrated into existing theories of how to settle international conflicts, it will considerably change these theories.

Another example of how existing theories of socio-economic policy may be changed by the results of peace research is the change in theories which have so far neglected the impact of war on human welfare. The much stronger impact of modern (even non-nuclear) war on human welfare may make such neglect impossible, or the theory will be seen to be utterly unrealistic.

A third example may be taken from the theory of the optimum level of decision-making (cf. section 5.4). The application of this theory to the problem of how to attain an unpolluted planet teaches us that nations have to give up sovereignty in matters of environmental policy. Once there is agreement on this issue the question may be raised whether national sovereignty on other decisions has to be given up.

10.5 SOURCES OF LEARNING: EXPERIENCE

The other source from which we can learn is by experience. Many people attach even more importance to what they have learned from experience than to what theories might teach them: they have a healthy suspicion of theories. Perhaps they overlook that their own interpretation of their experience constitutes a theory; but we can all agree that facts are harder evidence than doctrines. Wars are facts and hard evidence in more than one sense. They, and their impact on human life, have been engraved on many people's lives so deeply that they will never be forgotten. If common themes in the conduct of wars have been observed by individuals accustomed to think, this may have brought about a learning process. To the majority of world citizens theories are not interesting, but their experience and the experience of people they trust are far more persuasive.

One central tendency in the history of wars is that in previous centuries wars were fought between neighbouring political units and that these units were for the most part much smaller than the political units we now know. Many of today's nations are the result of an integration of smaller units that were sovereign in earlier centuries. Obvious examples among today's medium-sized nations are Germany and Italy. Both these countries became one unit somewhat more than a century ago, around
1870. Britain and France had become units earlier. But the traces of smaller units can easily be found in geographical subdivisions, such as counties. Even a small country like the Netherlands until 1648 consisted of counties, duchies, etc. And these smaller units were at war with one another often enough. So there is considerable evidence that, by and large, we now have larger units, composed of what previously were smaller sovereign units.

There are exceptions of course. In Europe, an important exception is the history of the ‘double monarchy’ Austria-Hungary, which consisted not only of Austria and Hungary, but also of large parts of today’s Czechoslovakia, parts of Poland, Italy, Romania and smaller parts of Yugoslavia. A partly European exception is the British Commonwealth. The process of integration had taken place under colonialism, partly within Europe (Wales, Scotland, Ireland), but largely over all continents. Here the process of disintegration started with the separation of the present Irish republic, gained momentum after World War I and was accelerated after World War II. Similar developments took place in the French colonial empire, but are not expected to happen in European France.

The superpowers experienced integration and as yet no sign of disintegration. After the American Civil War (1861–65) the integration became stronger and now wars between American states are extremely unlikely. The same seems to be true for the Soviet Union.

The overall picture seems strongly to support the experience that integration has been a potent force banning war as a means of settling conflicts between previously sovereign units, in particular when that integration was voluntary and desired. So much so that voluntary integration might well be one of the most reliable means to end war.

10.6 WHAT WOULD WORLD WAR III LOOK LIKE?

A useful part of a learning process directed at reshaping established policies is an attempt to forecast the qualitative and quantitative features of a third world war. A number of such attempts have been made. In doing so one must avoid the well-known error made in the past by both military and civilian authorities. The error consists of preparing to refight the last war. Military authorities have been accused repeatedly of doing so, for the obvious reason—not unfamiliar to many scientists—
that they want to work with reliable data. Obviously the data they use are from the last war. In the Netherlands once a month we check whether the air raid warnings still operate. One study (Siccama, 1984) wonders whether the general public does not even look back to World War I when trying to imagine what World War III would be like. But even a conventional war fought with today's weapons would be extremely destructive. Siccama points out that many have failed to recognise this.

Here we are at the heart of our question. Any attempt to forecast the qualitative and quantitative features of World War III must superimpose on the data about World War II the developments that have occurred in the meantime with regard to weapons already available in 1939 and to the new weapons since developed. On various occasions we have quoted that the destructive capacity of the nuclear arsenal now available is about five times what is needed to kill the world population (Röling, 1985). As an illustration of what nuclear war would mean a simple statement by the organisation ‘International Physicians for the Prevention of Nuclear War’ (Nobel Peace Prize winners in 1985) that practically no medical assistance would be available to the millions seriously wounded is more convincing than any figure. So are the statements about "nuclear winter", made by the US National Academy of Sciences and by Professor Sergei Kapitza of the Moscow Physio-Technical Institute and the Institute for Physical Problems, Soviet Academy of Sciences (cf. US National Academy of Sciences, quoted by Disarmament, a periodic review by the UN, Spring 1985; and S. Kapitza, quoted in the same review, Spring 1985). According to a US National Academy report, temperature around the centres attacked, between 40° and 70° northern latitude except near the coasts, may fall 10°-25°C below normal in summer for at least a few weeks. This report contains many more particulars and is careful in setting out a large number of uncertainties.

Professor Kapitza gives historical evidence about well-known volcanic explosions, in particular of Mountain Tambora (1815)—one of the consequences was that 1816 was known, in the moderate Northern hemisphere, as the ‘year without a summer’.

A third way of characterising World War III may consist of rereading what happened in Hiroshima and Nagasaki in 1945 and keeping in mind that the explosive capacity of today’s stockpile of arms corresponds to approximately 1,600,000 Hiroshima bombs.
10.7 WHO HAS TO LEARN WHAT?

We pointed out that the environment humanity is living in, as a consequence of unforeseen developments and new discoveries, unknown one or two centuries ago, requires a learning process in order to adapt our views on welfare and security and the policies to maximise them. For these are usually based on the opinions of leading scholars of the past who could not envisage the present environment. We reminded our readers of the necessity to think about the adaptations ourselves, and our responsibilities in this respect. It seems desirable to be more explicit in setting out these responsibilities. Obviously leading people of various sorts are more involved than others, but in democracies (whether 'parliamentary' or 'people’s') some responsibility rests upon the citizens' shoulders as well.

In the present section we shall discuss more explicitly five types of leading personalities and deal more specifically with the lessons they have to learn or to try to learn. If the present leaders are not able to learn, the people must choose new leaders, or force the 'leaders' to follow them.

The first category we consider are government leaders; and in particular the leaders of governments of powerful nations. Important subjects for them to think over are the limits to sovereignty and the benefits of integration. The first subject was discussed in section 4.9; the second will be discussed in more detail in Chapter 12.

The second category we consider will be the leaders of political parties. Of course, there is considerable overlap with the first group and in parliamentary democracies (which we consider to be true democracies) the same persons can alternatively be part of the first and part of the second group. Leaders of a political party are supposed to check the policies actually pursued with the principles they stand for. This constitutes a more penetrating thinking process than required in daily practice. It will be desirable for them too to think about the limits to sovereignty and the usefulness of integration. In addition they may try to delve more deeply. Our recommendations are to give thought to the dangers of polarisation—the tendency to defend extremist ideas—and the importance of tolerance. Coexistence does require some forms of tolerance. Other topics are how to react vis-à-vis vandalism and other sorts of counterproduction, including corruption, theft, unhealthy consumption, and so on. Recommendations of the kind we are now discussing are always needed
more by extremists than by leaders at the centre. Extremists often expect more from rigid principles than others. Are not communists and ultra-liberals both interested above all in spreading their principles? Let them not forget that their ideals cease making sense in a nuclear war-stricken world and that, therefore, to keep the world at peace is a precondition to what they once thought was their primary task, spreading their principles. The latter will not make sense if that precondition is not fulfilled first.

The third category of leading personalities we want to consider are trade union leaders. One of the lessons they have to learn is the importance of reducing unemployment. In the past they often gave more attention to the welfare of their working members than to that of unemployed. The impact of unemployment on people is psychologically much more devastating than is often believed (cf. Petzmann, 1985).

It should be clear that not only trade union leaders, but also government, party and employers' federation leaders, should be aware of the need to reduce unemployment.

Employers' leaders are the fourth group we shall consider. Alongside reducing unemployment, their relation to governments touches upon their immediate responsibilities. They should understand, in particular, that not only within nations, but also outside them some public regulation is necessary. It is a general truth that the law-abiding will gain from some regulation, and without it they may themselves be the victims of the non-law-abiding. It is also true that regulation may degenerate into bureaucracy if pushed too far.

The fifth group we want to consider are, of course, military leaders. We have already mentioned one possible error they are accused of, namely the tendency to base their projections of the future on the last war's experience; and they are not the only ones to do so. The most difficult lesson they have to learn is to understand the purpose of nuclear weapons. There is a dawning understanding that the purpose is not to use them. There is less understanding for the conclusion that, in the end, this role should extend to not manufacturing them either. Another conclusion, namely that the best organisation of world security is to cooperate with the enemies in order to establish that security, is the indispensable missing link. The military leaders' problem may perhaps be formulated in the most challenging way by asking: who will be the first to take the decisive step towards organised world security—the governments, the military, or another group?
REFERENCES


11 Strengthening the United Nations

11.1 THE EXISTING STRUCTURE OF THE UNITED NATIONS; ITS PERFORMANCE

In this chapter we propose to discuss how the family of United Nations (UN) institutions must be reformed if an optimum management of our planet (‘The Earth, Inc.’) is considered to be its task. Again we admit that this is an ambitious task, and presumably not the task the original organisers had in mind. Presumably they were not fully aware of what the problems in the mid-1980s, forty years after the creation of the UN, would be. Some of the greatest problems were already apparent, though: the end of the alliance between the US and the SU, and the use of nuclear weapons against Hiroshima and Nagasaki.

What we propose here is not the most likely development of the United Nations institutions, nor even the politically feasible development, and still less what the present governments of most countries and in particular those of the superpowers probably prefer. The subject is, rather, a sketch of the structure needed to attain an optimal management.

It seems appropriate first to remind the reader of what institutions the family consists of; to give some information about the financing of these institutions, and to summarise the principal actions of these institutions.

Table 11.1 presents the institutions in alphabetical order of the acronyms used to indicate them, the full name and the location.

It is clear that in many very diversified fields the need for international cooperation exists, reflecting the numerous ways in which the world’s economies are interwoven. Given the aversion to international intervention, we can safely assume that the real need for such intervention surpasses the present extent.
### Table 11.1 Family of United Nations institutions

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
<th>Headquarters</th>
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<tbody>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organisation</td>
<td>Rome</td>
</tr>
<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
<td>Geneva</td>
</tr>
<tr>
<td>IAEA</td>
<td>International Atomic Energy Agency</td>
<td>Vienna</td>
</tr>
<tr>
<td>ICAO</td>
<td>International Civil Aviation Organisation</td>
<td>Montreal</td>
</tr>
<tr>
<td>ICJ</td>
<td>International Court of Justice</td>
<td>The Hague</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
<td>Rome</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
<td>Geneva</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
<td>Washington, D.C.</td>
</tr>
<tr>
<td>IMO</td>
<td>International Maritime Organisation</td>
<td>London</td>
</tr>
<tr>
<td>ITU</td>
<td>International Telecommunications Union</td>
<td>Geneva</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
<td>Geneva</td>
</tr>
<tr>
<td>UNCTC</td>
<td>United Nations Centre for Transnational Corporations</td>
<td>New York</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
<td>New York</td>
</tr>
<tr>
<td>UNDRO</td>
<td>United Nations Disaster Relief Office</td>
<td>Geneva</td>
</tr>
<tr>
<td>UNEP</td>
<td>United Nations Environmental Programme</td>
<td>Nairobi</td>
</tr>
<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organisation</td>
<td>Paris</td>
</tr>
<tr>
<td>UNFPA</td>
<td>United Nations Fund for Population Activities</td>
<td>New York</td>
</tr>
<tr>
<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
<td>New York</td>
</tr>
<tr>
<td>UNHQ</td>
<td>United Nations Head Quarters (Secretariat)</td>
<td>New York</td>
</tr>
<tr>
<td>UNIDIR</td>
<td>United Nations Institute for Disarmament Research</td>
<td>Geneva</td>
</tr>
<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organisation</td>
<td>Vienna</td>
</tr>
<tr>
<td>UNITAR</td>
<td>United Nations Institute for Training and Research</td>
<td>New York</td>
</tr>
<tr>
<td>UNRISD</td>
<td>United Nations Research Institute for Social Development</td>
<td>Geneva</td>
</tr>
<tr>
<td>UNRWA</td>
<td>United Nations Relief and Works Agency for Palestine Refugees</td>
<td>New York</td>
</tr>
<tr>
<td>UNA</td>
<td>United Nations University</td>
<td>Tokyo</td>
</tr>
<tr>
<td>UPU</td>
<td>Universal Postal Union</td>
<td>Berne</td>
</tr>
<tr>
<td>WBG</td>
<td>World Bank Group*</td>
<td>Washington, D.C.</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organisation</td>
<td>Geneva</td>
</tr>
<tr>
<td>WIDER</td>
<td>World Institute for Development Economics Research</td>
<td>Helsinki</td>
</tr>
<tr>
<td>WIPO</td>
<td>World Intellectual Property Organisation</td>
<td>Geneva</td>
</tr>
<tr>
<td>WMO</td>
<td>World Meteorological Organisation</td>
<td>Geneva</td>
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</table>

* Composed of World Bank (WB), International Finance Corporation (IFC) and International Development Association (IDA).
The total contributions to the United Nations institutions (excluding IMF and WBG), are of the order of $5000 million (5 x 10^9); world income, as estimated by Kravis et al. (1982, p. 344), amounts to $10 billion (10^10) for 1977 and probably not much more for 1982; hence about 1/2 per mille of world income is spent on what should become the world’s federal government. In a well-organised nation such as the US it amounts to c. $2 per cent. Whereas for the world at large a clearly lower percentage would be optimal, in all likelihood the figure of less than 1/2 per mille is too low.

Be that as it may, the contributions made by various member nations are astonishingly different. Although the US contributes about $1.3 thousand million (10^9), which is more than any other country, this is per capita of its population $57.74 (1984); countries such as Norway and Sweden contribute several times this amount. (Data can be found in the 33rd Annual Report ‘United States Contributions to International Organisations’ (Department of State Publication 9452).)

On the 40th anniversary of the United Nations (although not of all its institutions) many commentators surveyed what had been accomplished during this period. Such a survey may be a useful starting point for an evaluation and possibly for reforms. As one of the constructive commentators the Stanley Foundation may be quoted for a clear and balanced survey (Stanley Foundation, 1985), based on a three-day conference in which fifteen UN diplomats, scholars and Secretariat officials participated. Among the accomplishments the group mentions decolonisation, which raised the number of member nations threefold in forty years—a process that had been expected to take a century. Of course many forces were at work to accelerate this process, but at least one undesirable type of relationship between nations was eliminated almost entirely.

The creation of international law is considered by the group to be another significant and positive activity. The International Court of Justice was created and some 20,000 treaties have been concluded.

The United Nations has also fostered global behavioural norms. War is no longer glorified. The UN Environmental Programme has set standards for the global environment.

Even so, unfortunately, the report informs us that during the last forty years 150 wars, resulting in 20 million deaths, have taken place. In 107 other cases (according to a study up to 1968)
the UN succeeded in halting a war or averting a potential conflict.

To these findings of the Stanley Foundation conference (recorded here only in part) we may add that the main performance of the UN institutions consists in producing large quantities of information and an enormous volume of recommendations for economic development. Extensive studies have been made of many of the new problems the world faces, the population ‘explosion’, pollution, desertification, soil erosion, deforestation, and the threat of nuclear war. An impressive number of annual and occasional publications has been made available.

In an evaluation of the UN contribution to a better world management our conclusion can only be, however, that little has been accomplished. Perhaps we should add that ‘life begins at forty’. We should also point out that it is more the behaviour of member nations that is to blame than the contribution of the United Nations. It is unfair to hold the UN responsible for not having been able to prevent all wars. At least the UN never started a war, unlike many of its members.

11.2 THE NEED TO STRENGTHEN THE UNITED NATIONS; REFORMS AND EXISTING INSTITUTIONS

Our aim is to outline how the United Nations institutions might be transformed into a system of world management. We don’t deny that other roads to such a system are conceivable; but we do submit that transforming the UN is preferable. That transformation may profit from the experience of well-run national governments as well as from experience of transnational enterprises, trade unions and political parties; again experience of the best-run among them. In our attempt we shall draw heavily on the reports of some independent international commissions (Brandt, Palme, and their predecessors).

The main theme will be dealt with under two headings: the transformation of existing institutions and the creation of additional institutions. The former subject is dealt with in this section and sections 11.3–11.6, the latter subject in section 11.7. Some of our proposals were announced in Chapter 7.

One of the main reasons why the United Nations is not seen as an agency to be respected by the large and powerful nations results from the way in which its members are represented in
the General Assembly—one vote per member (the IMF and the WBG are organised differently). The number of votes a nation is entitled to should depend on the size of its population and the size of its financial contribution. The first is a question of democracy and the latter corresponds to the stage of development towards democracy the world has attained. It is somewhat optimistic to believe that the stage the world at large has reached corresponds with the stage in the developed countries when only those had voting rights who paid taxes or a similar representation of their incomes. Voting rights for all were only introduced after World War I.

The second reason why the United Nations decisions are not respected may be the difference between the span of control in a business management structure and the ‘span of control’ of the UN Secretary General if we consider him as the potential ‘Chief Executive’ of World Management.

One reform we would recommend for study is one where the world’s main strategy is decided upon in a meeting of some twelve to fifteen authoritative representatives of the five to ten most powerful nations or federations, while the remaining 100 or so nations would be represented by other new federations (cf. also section 5.4).

The most powerful nations are already federations: this applies to the two superpowers, to India and to Brazil; only China and Japan are more centralised.

Some of the regions not yet mentioned which may conceivably be interested in establishing a sufficiently large federation are the Spanish speaking Latin-American nations, with an integrated Central American–Caribbean unit, and the ‘Arab nation’. In some other areas, such as ASEAN and black Africa, cooperative schemes exist that might serve as nuclei.

The subject for study we formulated was inspired by a business management structure. An alternative is to consider a national government structure as the source of inspiration. The Executive then may have a ‘span of control’ of up to 1000 ‘Members of Parliament’ (or a few hundred Senators) where the number of members depends on the size and financial contributions of the nations represented. For the most powerful nations this alternative is less attractive, since their size cannot then be reflected in the number of representatives they have: the very small countries will still have one representative, not one-half or one-tenth of a person. Also in this alternative there is no built-in incentive for small countries to enter into a federation of
more members, as in the first alternative. To remedy that situation representatives from very small nations might have to be given a lower voting weight.

In the present section all UN institutions in need of reform will be discussed (except the four most important ones which will be discussed in sections 11.3–11.6 inclusive). For our purpose some of these are less important, because they refer to institutions which already operate relatively satisfactorily. This applies in particular to the 'Bretton Woods institutions', the IMF and WBG. Their operation gives rise to partly opposite proposals for reform. Whereas the UN Development Planning Committee, in its 40th report, suggests that IMF's consultation and surveillance should be strengthened (p. 2), the opposite complaint formulated by Taylor (1984), also makes sense, namely that IMF lending conditions aim at a deflationary process. When applied to a large number of debtor countries this may produce a new recession. In a sense the debtor countries are burdened with the full amount of the total debt, partly caused by the donor countries which never lived up to the recommendations of the Pearson Commission and all its successors.

This is the reason why the developing countries have long proposed that they should be represented more adequately on the boards of both IMF and WBG. In terms of parliamentary history this means that a step in the direction of full democracy be set.

For both Bretton Woods institutions we follow the Brandt Commission in proposing that more means be made available to them. Of course this is less a reform than a fuller operation; it is a 'reform' of the donor countries. Here too we have the UN Development Planning Commission on our side (40th Report, p. 3).

The last reform to be discussed in this section deals with matters of international trade. Here again the UN Planning Commission is quite explicit. Less protection is advocated on pages 9 and 11, including the elimination (p. 14) of import impediments to textiles. The Lehreijer Report to GATT is followed, recommending a timetable to attain its recommendations. We think that in particular the Multifibre Agreement, restricting textile imports into developed countries, should be discontinued. Textile and clothing industries have had enough time to reorganise. The dynamic enterprises among them did so years ago.
11.3 STRENGTHENING OF THE UN SECURITY COUNCIL

Of all tasks entrusted to the United Nations that of maintaining peace is the most important. Within the UN structure the responsibility for peacekeeping rests with the Security Council. Present procedures of that Council are paralysed, however, by the veto power of the permanent members. This reflects, of course, the lack of consensus among these members and, in particular, the fact that they are not prepared to transfer their sovereignty in matters of peace and war to the Security Council. In addition, the Security Council does not have the power to implement its decision. Reforms of the Council are, therefore, necessary if we want to take these tasks seriously.

Moreover, we must be aware of the complementarity of the Security Council's task and that of the Court of Justice. (The latter will be dealt with in the next section.) This complementarity becomes clear immediately if we consider the positive alternative to war: peaceful change. Peacekeeping must not be used as an argument in favour of maintaining the status quo, that is of conservatism. The world community is and must be a vital institution, adapting itself to new ideas, if these are better than existing ideas, eliminating inequities resulting from unjustified power. Hence the world's institutions must be such that necessary change can take place: peaceful change must be possible. If ways of eliminating unemployment are discovered and have been tested, their application must not be blocked by simple conservatism. If the world's resources are distributed highly unevenly ways and means must be made available to redress—to satisfy world public opinion—that distribution.

The proposals for reforming the UN Security Council we submit here have partly been derived from the Palme Report's proposals, especially those referring to 'strengthening the UN security system' (Palme et al. 1982, pp. 161–77). These are intended to achieve a more satisfactory execution of Article 99 of the UN Charter, which authorises the Secretary-General 'to bring to the attention of the Security Council any matter which in his opinion may threaten the maintenance of international peace and security'. The Palme Commission recommends 'the implementation of a modified version of the UN Charter's concept of collective security. Its basis would be political agreement and partnership between the permanent members of the Security Council and the Third World' (p. 162). In the
Commission's opinion such an agreement is a prerequisite for the effective functioning of the UN in maintaining international peace and security (p. 163).

We believe that this is one alternative of many. One essential element is that the two superpowers must be included. Their agreement remains the most important and the most difficult to attain. They may be accompanied by their NATO and Warsaw Pact allies, or by the EEC and the CMEA (Comecon) and Third World representatives. The agreement might be negotiated in two steps—first by the superpowers and subsequently with others: Europeans in one or another grouping and Third World representatives. The Palme Commission will have had good reasons for their recommendation; accordingly our main additional suggestion is to negotiate in two steps.

The driving forces needed to reach an agreement need hardly be repeated; it is far-sighted self-interest. It must be hoped that no short-sighted propensity to retain sovereignty will block an agreement. The World Federalist proposal (as applied, for instance, in the Federal Republic of Germany) that each nation transfers its sovereignty in the use of military forces to the Security Council is a promising suggestion.

A complement to a more powerful Security Council is a Police Force. Some modest experiences have been gained with the United Nations peace force in maintaining peace in areas where conflicts existed between small and hence non-powerful nations. The creation of a peace or police force for the world at large constitutes a new and crucial problem which will be outlined in section 11.8.

11.4 THE ROLE OF THE INTERNATIONAL COURT OF JUSTICE

The role of the International Court of Justice is, in principle, complementary to that of the Security Council. The relationship may be clarified by reminding ourselves of the role of wars in the past, before they had become impossible, and by introducing the concept of a just war. Such wars were accepted as a means to change international structures if no other ways could be found to eliminate injustice. As examples we may mention the occupation of one country by a more powerful one (i.e. colonialism), the exclusion of one country from international trade (e.g. the situation in which Japan found itself in 1941), or
a country with limited access to world oceans (one of the problems of Russia). The reader will easily think of many other examples: there is no denying the existence of inequities in the distribution across nations of basic resources.

As we observed in the preceding section, the Security Council's task is to prevent warfare, since warfare is inhumane and nuclear warfare presages the end of civilisation. But this is not the solution to the problem that gives rise to the threat of a just war, that is, if an inequitable structural element of the world order has to be eliminated. Here the important task of a fully developed International Court of Justice starts. It is the Court which, ideally, must be asked (i) to judge whether there is an inequitable structural element and (ii) by what change equity will be served.

In cases where international law is applicable the Court's procedure will be legally determined. In the many cases where such law does not exist, the Court will find challenges to create new international law.

An interesting large-scale and novel example where the world is close to an expansion of international law is the Law of the Sea (Mann Borgese, 1982, 1985). This will be discussed in the next section.

11.5 LAW OF THE SEA — TO BE FOLLOWED BY A LAW OF SPACE?

The draft Law of the Sea drawn up after nine years of negotiation (cf. section 5.7) is an example of the adaptation to new discoveries and theories about the optimal socio-economic order which we discussed in Chapter 10. The draft was signed by the representatives of the US, UK and West German governments in power at the time but have not been ratified by the present governments. The short-term interests of national business are given greater weight by the present governments.

As the US Conference of Catholic Bishops (1983) stressed, leaving the allocation of ocean resources to a power struggle will simply insure the emergence of new conflicts in the future.

Since the new draft Law of the Sea constitutes a masterpiece of inventiveness and imaginative new principles, and because of the similarities between the planet's oceans and the space around the planet, the question may be asked whether a similar procedure could not be applied for dealing with the optimal use of space—
the subject on which the Soviet Union made a proposal in the 1985 General Assembly of the United Nations. This proposal was submitted in the form of a draft resolution proposing an examination of 'the possibility of convening ... an international conference with the participation of states with major capabilities and of other interested states to consider ... international cooperation in the peaceful exploration and use of outer space ... including ... the setting up of a world space organisation.'

The General Assembly referred the subject to the Conference of Disarmament to report to the Assembly at its 41st (1987) session and decided to include in the provisional agenda of that session: 'Prevention of an arms race in outer space.'

11.6 UNITED NATIONS ENVIRONMENTAL PROGRAMME

This programme is the UN institution in charge of the collection of data and the recommending policies to attain and maintain a clean environment. Established after the Stockholm conference of 1972 and located in Nairobi, UNEP published a report The World Environment, 1972–1982, edited by M. W. Holdgate et al. (1982) which provides us with a wealth of data on the state of the environment and its trends, as far as information permits. A warming of the earth’s climate could not be reported with certainty, and on deforestation conflicting evidence was presented, but it was clear that the world’s environmental system constitutes essentially a unity and that the possibility of a future ‘greenhouse effect’ due to the increase of atmospheric carbon dioxide (CO₂) has to be taken seriously, as has the damage caused by acid rain. In 1980 the creation of CO₂ by burning fossil fuels amounted to 10 per cent of the quantity used by green plants in photosynthesis. Urban air pollution in underdeveloped countries had become comparable to earlier air pollution in cities of the developed countries: Calcutta in 1980 was like London in 1952/53. Technologies to cope with environmental problems in developed countries have been developed and total costs to clean and maintain the environment estimated at a few per cent of national incomes. People now understand the problem and the need to solve it, but the time has come to implement these solutions. Within single countries many projects have been executed and in Europe international cooperation had been given high priority. It is uncertain whether
governments everywhere and existing organisations are able to carry out the necessary programmes.

Five years after the data on which the report was drafted several of the threats have become more evident, especially deforestation by acid rain and uncontrolled wood felling for various purposes. The urgent need for coordinated policies is now clear. This requires, as in other cases discussed, the competence of UNEP to make policy decisions and power to implement them. Although some problems (for instance, the pollution of rivers and lakes) may be dealt with by continental or regional organisations, world-wide supervision will be needed even here if rivers are cleaned insufficiently and the pollution of the oceans worsens. World-wide action will be needed anyway to halt atmospheric pollution and pollution of the oceans by oil-tankers, for which a responsible ocean authority will have to be created.

Alongside the known threats other, unknown threats to forests have developed whose causes are not yet understood.

With the necessity for the UNEP to have a firmer grip on the world's nations a more reasonable system of representation of the member nations, as discussed in section 11.2, becomes more urgent as well.

11.7 CREATION OF ADDITIONAL UN INSTITUTIONS; A WORLD TREASURY

In the preceding section we saw that awareness of environmental pollution has made it necessary to set up a new institution, UNEP, to the family of UN institutions. In section 11.5 we also discussed a new institution, a space agency. Evidently we must remain prepared, as observed in Chapter 10, to adapt our political ideals and programmes to new developments in technology and new inventions.

One such discovery might be that in well-organised lower entities—in this case well-organised nations—institutions exist which do not exist at the world level, that is, in the UN system. Within a well-organised country there are usually three financial institutions: a central bank, an investment bank and a Treasury (or Ministry of Finance). In the United Nations system the IMF is comparable but not identical to the central bank and it is desirable that it develops further in that direction. Similarly the World Bank Group is almost identical to an investment bank.
But in the United Nations system we don't find anything comparable to a Treasury. Each institution has its own Treasury and there is little coordination, in contradistinction to the important and central role of Treasuries in autonomous and well-run countries (cf. section 7.2).

This may serve as a justification of our proposal in section 7.2 to add to the UN family of institutions a World Treasury (WT) and to combine this with some proposals on how it should operate. The essential characteristic of a Treasury is that it deals with current expenditures and current revenue. Part of these current expenditures are spent on current tasks such as the operation of the UN institutions which now have their own budgets. This would introduce the possibility of priority-setting. The other part of current expenditures is spent on investments and will be booked, perhaps, on a capital account. The advantage of financing investments out of a current budget, instead of from loans, is considerable. There is no need to negotiate a repayment scheme and the interest to be paid, with the country in which the investment takes place because no debt is created. This also implies that renegotiation in case of overindebtedness—one of our present difficulties—is superfluous.

On the revenue side a Treasury levies taxes and this implies that a system of contributing to the UN budget takes the place of voluntary contributions—or rather of voluntary non-contributions. Contributions should be legally defined and not depend on changes in governments; this is the rule inside well-organised national economies and would contribute a qualitative improvement of the operation of the UN.

Among the more specialised new agencies that have been proposed recently is the Satellite Monitoring Agency, proposed by France in 1978 and still worth being reconsidered. Perhaps it could become part of the proposal for an Agency of Peaceful Research of Space, proposed in 1985 by the Soviet Union (cf. section 11.5).

11.8 CREATION OF ADDITIONAL UN INSTITUTIONS; A POLICE FORCE

As observed at the end of section 11.3, this constitutes a new and extremely difficult problem, crucial to the attainment of joint security but hardly discussed so far. The Palme Report has little to say about this subject.
The necessity for a UN Police Force may, as for other institutions, be based, first of all, on the comparison with well-organised countries. Maintenance of law and order in every country and at all times requires an armed police force. The level of armament will be the lower the higher the existing cohesion in the country. For the world at large that cohesion is weak and hence a rather high level of police armament will be necessary in the beginning.

The necessity of a UN Police Force may also be argued more directly; in the early phases of negotiations about new forms of coexistence—for instance, by taking Secretary-General Gorbachev’s proposals for disarmament as the starting point—there is a real danger of divergence between the level of armaments each of the two superpowers will maintain officially and the level it will maintain in reality. Let us call the party behaving in such a way the ‘Supposed Deviant Power’. Both superpowers will think it is the other.

The UN Police Force must be a neutralising element, able to offset the secret armaments.

The strength of the Police Force must discourage the offensive use of the secret arms. If it is assumed that an offensive use will be successful with 100 per cent probability only if it is three times as strong as the opposing force, the UN Police Force should have a strength of one third of the likely secret forces of the Supposed Deviant Power.

An idea of the latter’s forces may be derived from the deviations between the estimates of both superpowers as discussed in Vienna, or on previous occasions where missile gaps were supposed to exist. Certain limits are set to these deviations by the availability of ‘national technical means of verification’, otherwise known as spying with the aid of aircraft or satellites.

The Police Force should not consist of American or Soviet forces, since their forces cannot be supposed to resist their own compatriots.

Care must of course be taken that the World Police Force is not abused by any small group to serve its special interest, but carries out the decisions of the (reformed) Security Council, which must defend global justice and serve the interest of the entire world population.
NOTE

1. The total debt of the developing countries is about the same as the amount that the official development assistance fell short, in the last decade, as recommended by the Pearson and Brandt Commissions.

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12 Integration as a Strategy

12.1 INTEGRATION AS A MEANS TO END WAR

As pointed out in section 10.4, experience has shown that integration of small sovereign areas into larger ones has been an effective way to end war. In the present chapter a number of past and present processes of integration will be discussed in order to understand to what use this process can be put in the future in order to end war, hence become an instrument to end war. In contradistinction to the problem of how best to manage the planet integration is a process often operating from the 'grass roots' (or below) to the 'summit' (or upward). Here the citizens can be the actors. Citizens are motivated by two opposing forces, (integration versus disintegration, or cooperation versus repulsion). Cooperation is often the answer to a common danger; repulsion the answer to a need to 'find one's own identity'. Countries occupied by a powerful nation unite in order to liberate themselves. Within a country a group with their own language or religion wants to obtain independence (secession) or at least some degree of autonomy. The (Protestant) Netherlands, from 1568 to 1648, fought their Eighty-Year War to liberate themselves from (Catholic) Spain; the thirteen American colonies fought their liberation war against England and so on. Both forces were at work in these examples: the Dutch provinces integrated themselves to become the United Provinces; the American colonies became the United States, in order to separate themselves from Spain, respectively England. In the following sections we shall consider a number of examples in a more systematic way: distinguishing past integration processes from current processes, in order to learn how in the future to promote integration as a policy to end war. We shall also consider separately the superpowers, the medium-size present-day powers in Europe, as well as some of the
small countries, and, for comparison, some Asian countries. The emphasis in all our examples will be on the countries' present-day structure. We shall discover many similarities in the structures of integrated countries.

Finally, there are also comparisons to be made and similarities to be discovered at various levels of integration within the same hierarchy. Thus, Scharpf (1985) compares the structure of the Federal Republic of Germany with the structure of the European Community, which is one level higher within the European Community hierarchy. Such comparisons can be made, of course, in many hierarchies and open up promising perspectives for more fundamental research. The phenomenon studied in particular by Scharpf is the joint decision about a problem by two successive hierarchical levels, which he calls 'policy intertwining'. This sort of common decision by two successive levels means a type of weighted voting. Let the levels be the federal government and one particular Land, then the interests of the latter are represented twice and those of the other Länder once. The question may then be asked whether these weights coincide with the impact of the problem treated on the welfare of the two types of Länder.

The idea that European integration is able to contribute to world integration has been set out convincingly by Chr. Layton in the report 'One Europe: one World', written in conjunction with a group sponsored by the Federal Trust for Education and Research, the Wyndham Place Trust and the One World Trust, 1986.

12.2 EXAMPLES OF COMPLETED INTEGRATION: THE SUPERPOWERS

Both superpowers, the SU and the US, are federative hierarchies. The Soviet Union in many respects can be seen as the successor of the Tsarist Russian Empire, whose territory included an enormous Asian territory, Siberia, colonised in previous centuries. The Tsarist territory also included, until 1917, Finland, the Baltic states (Lithuania, Latvia and Estonia) and parts of Poland and Czechoslovakia. After the October (Bolshevik) Revolution these Western countries became independent, until 1939, the year in which a tactical Treaty with Nazi Germany was concluded. Around that time, after a war with Finland, two small parts of
the latter country were transferred to the SU and the Baltic states were occupied. At present (1986) the SU consists of fifteen republics, of which the Russian and the Ukrainian Socialist Soviet Republic are by far the largest. The former is subdivided into 49 oblasti.

The United States results from the original thirteen British colonies, which declared a war of liberation against England in 1776, which in 1783 (Versailles Peace) finished successfully. The thirteen states established the Union, a confederation, in 1789. Later, the Union was enlarged by former French and Spanish colonies. In the southern states slavery existed, which was not adhered to in the North. Eleven southern states seceded from the Union, which led to the Civil War (1861–65), won by the northern army. In 1865 slavery was abolished. The Constitution was changed—thanks to Presidents Washington and Madison—into a constitution of a federation, and under this constitution a civil war has since become impossible. In 1898 a war with Spain ended with a transfer of Cuba, Puerto Rico and the Philippines to the United States imperium. Cuba and the Philippines were later given their political independence, but, as in so many cases, economic dependence remained.

At present the US is composed of fifty states, and the District of Columbia, around the country's capital, Washington.

12.3 EXAMPLES OF COMPLETED INTEGRATION: MIDDLE-SIZED EUROPEAN NATIONS

In the present section we propose to discuss briefly the integration process through which four middle-sized European countries were shaped.

Germany (D) consisted of more than thirty small and some larger (Prussia, Bavaria) sovereign areas for a long period. In 1871, after the Franco-Prussian war of 1870–1, the nation was unified. On the western side Elsass-Lothringen (Alsace-Lorraine) was part of the 'Reich'; on the eastern side, East Prussia with Danzig and Königsberg, belonged to its territory. Much later than Britain and France, Germany tried to build a colonial empire (mainly in Africa), but lost this after World War I. In 1914 the war started that we now call World War I, and this war was lost by Germany and Austria-Hungary. Alsace-Lorraine returned to France and Poland became an independent country, separating part of East Prussia from the main territory with Danzig (Gdansk) a free city.
World War II (1939–1945) was again lost by Germany and the latter was divided into the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR). The former became a member of the NATO and the European Community (EC), the latter of the WP and the CMEA. The FRG consists of ten Länder and West Berlin and is relatively decentralised. The GDR consists of 15 Bezirke, including East Berlin, and is relatively centralised.

France was a nation by the seventeenth century: much earlier than Germany and Italy. It had a highly centralised government, which only after World War II introduced some decentralisation by locating parts of the government apparatus outside Paris and by shifting some decision-making to the 22 regions. Education in particular is more centralised than, for instance, German education after World War II. France consists of 92 départements whose tasks are limited.

Great Britain also became a nation much earlier (1603) than Germany and Italy. In its most powerful era, the nineteenth century, it consisted of England, Wales, Scotland and Ireland. It had colonies in all parts of the world. Before World War I several of these became ‘dominions’ with almost complete sovereignty (Australia, New Zealand, Canada) and in 1931 the Empire was changed into the Commonwealth.

After World War II India and Pakistan became independent, Pakistan as an independent Moslem state. All former colonies became members of the Commonwealth. The British Commonwealth now constitutes a cultural and political association for mutual consultation, a rather weak form of integration.

Italy is composed of territories of which some formerly belonged to France, Austria and the Vatican. An attempt to unify all Italian regions in 1848 did not succeed. In 1860 the Sardinian Prime Minister Cavour succeeded in establishing the Kingdom of Italy, to which in 1866 Venice and in 1870 Rome were added. At present Italy is a republic, and in the last few decades the role of the regions has been reinforced.

12.4 EXAMPLES OF COMPLETED INTEGRATION: SMALLER EUROPEAN COUNTRIES

Smaller European countries were integrated before the two middle-sized countries, Germany and Italy. This applies to the Scandinavian countries, the Low Countries (Belgium and the
Netherlands), and Switzerland. Each of these once consisted of several smaller units, between which armed conflicts frequently occurred. By and large such internal wars have not occurred since 1800; Napoleon may have influenced (as a ‘common enemy’) this process of small-scale integration. Some examples of the opposite process (secession) did occur. Belgium in 1830 liberated itself from an imposed integration, in 1815, with the ‘Northern Netherlands’. And Norway separated itself in 1814 from Denmark and in 1905 from Sweden. A complete disintegration of the Austrian-Hungarian ‘double monarchy’ into small countries (Austria, Czechoslovakia, Hungary, Poland, Romania and Yugoslavia) was another reaction against the imposed integration of this heterogeneous territory, a product of Habsburg power policy in the past.

In this section a few more details will be discussed of the Low Countries and of Switzerland, the nations of the two authors.

As stated, the Northern Netherlands integrated at an early date, during the Eighty-Years War (1568–1648) of liberation from Spain. The main conflict was of a religious character: Calvinist Protestants vs. Catholic Spain. A secondary role was played by the imposition of a (10 per cent!) tax. The present Dutch provinces (except two mainly Catholic and one only recently reclaimed) integrated by concluding the Utrecht Union in 1648. Much later, after having been occupied by Napoleon and liberated again, Belgium and the Netherlands were integrated ‘from above’ (1815) and, as stated, Belgium liberated itself in 1830, by the ‘Belgian resurrection’ as the liberation was called in Holland; in 1839 independent Belgium was recognised. During World War II voluntarily Belgium, the Netherlands and Luxembourg decided to cooperate, under the name Benelux, in a number of instruments of socio-economic policy, anticipating similar cooperation in the European Community (EC).

In 1986 the Netherlands (divided into twelve provinces) and Belgium (divided into nine provinces) are both members of the EC and both have hierarchies with municipalities as the smallest political units. Because of language problems, Belgium has a more complicated structure, which we will not discuss here.

The most typical example of the ‘integration process from below’ is provided by Switzerland or the Helvetic Confederation (Confederatio Helvetica, CH). This process started in 1291 when the original cantons (Urkantone) Schwyz, Unterwalden (2 half-cantons) and Uri constituted the Eidgenossenschaft as an act of liberation from Austrian rule. An important year in the
process was 1803 when Aargau, Graubünden (Grischun), Sankt Gallen, Ticino, Thurgau and Vaud joined, introducing at the same time three other languages (Romansch in Grischun, Italian in Ticino and French in Vaud). The process terminated in 1815, when Geneva, Neuchâtel and Valais (Wallis) joined. An important reform in 1874 changed the confederation into a federal state. The ‘Confederation’ maintained its name. In 1980 the canton of Berne was split into a small francophone canton Jura and the far larger German-speaking part. So at present (1986) Switzerland is a federal state with 23 cantons (of which three consist of two half-cantons). In contrast with Belgium, there is hardly any friction among the various linguistic groups.

12.5 SOME ASIAN EXAMPLES

A large part of Asia has a colonial or semi-colonial past. Full-fledged colonies include India, Indonesia, Indochina and some smaller areas. A status with some colonial features has existed in West Asia (the ‘Middle East’), a number of Chinese cities (now part of the independent People’s Republic of China) and in Siberia (originally inhabited by non-Russians). Tibet is attached to China. Among the countries which have been independent for a long time Japan managed to develop from a somewhat underdeveloped status around 1930 to become one of the world’s leading countries, now exporting more technological knowledge than it imports if that knowledge is measured by the money paid for patents or licences. Japan is governed in a rather centralised way, consisting of 47 prefectures, which in terms of population are about four times as large as the French départements.

The largest country is of course China—so large that it has to follow the strictest population policy of the world; in fact the best population policy in its goals, although not necessarily in its means. It was integrated long before most western countries. At present the People’s Republic of China is divided into 21 provinces, two directly governed cities and five autonomous areas, among which Inner Mongolia and Tibet.

Both India and Indonesia became large integrated countries under colonial rule; their governments strongly prefer to remain unified. This understandable preference is shared by the overwhelming part of their population. In India only the radical Sikhs, but not the moderate mass Sikh party, prefer separation. India typically is rather decentralised and consists of 21 states and nine union territories. Indonesia is more centralised.
12.6 INTEGRATION IN PROCESS: THE EUROPEAN COMMUNITY

By far the most important integration process at present is the ongoing integration process of Western Europe, the development of the European Community (EC). It is important because the participants are modern industrial states and that the process is 'from below', that is, supported by most of the political parties of the countries involved. Although our treatment will be a summary one, we shall nevertheless discuss more concretely the sort of problems that must be solved.

We start with a brief history. The process started with the creation in 1951 (Paris Treaty) of the European Coal and Steel Community (ECSC) at the initiative of the French Minister Robert Schuman and inspired by the 'father of European integration', Jean Monnet. Six nations—France, the Federal Republic of Germany, Italy and Benelux—established a truly supranational community of the coalmining and steel making and processing industries, a complex of production to be supervised by it. The ECSC has had the competence and the power to regulate production of and investments in this complex, since 1952. An attempt to create a European Defence Community was rejected in 1954 by the French Parliament. In 1957 (Rome Treaty) two other communities, the European Atomic Energy Agency (Euratom) and the European Economic Community were created, dealing with nuclear energy and with a number of economic policy components. These started operations in 1958. In 1965 the ECSC High Authority proposed the amalgamation of the three into one European Community. This became effective in 1967.

Membership was extended to the United Kingdom, Denmark and Ireland in 1973 to Greece in 1981 and to Portugal and Spain in 1986.

Some of the most important institutions of the EC are the Commission and its administration, the Council of Ministers and the European Parliament. So far, and hopefully temporarily only, the Council of Ministers is the decision-making agency, but it is not supranational. The Commission, which is supranational, submits proposals to the Council and hence is the more creative organ. The Parliament has existed since 1958, but was elected directly only from 1978. At present (1986) the total number of seats is 518, divided over the member nations as follows: West Germany, France, Italy and the United Kingdom 81, Spain 60,
Netherlands 25, Belgium, Greece and Portugal 24, Denmark 16, Ireland 15 and Luxembourg 6 seats.

Within the Administration some important institutions operate: the European Investment Bank (EIB) and the European Development Fund (EDF) since 1958 (Rome Treaty); in 1960 the European Social Fund (ESF), in 1973 the European Monetary Fund (EMF) and in 1975 the European Regional Fund (ERF) were added.

Among the important political decisions are those about the Common External Tariff (1960), the Common Agricultural Policy (1962), and the Own Financial Means (1970, effective 1975). These consist, in 1986, of the import duties levied at the common outer frontiers and 1.4 per cent of the value added tax revenue of member states.

A particularly important common policy is the development cooperation with the former colonies, extended to 65 countries in 1985, known as the African, Caribbean and Pacific (ACP) countries. They have 15 per cent of the Third World population. The cooperation forms are discussed in joint meetings of the ACP and EC member countries. The amounts of financial assistance and the conditions have been laid down in successive Agreements, concluded in Yaoundé (I, 1964; II, 1969) and Lomé (I, 1975; II, 1979; III, 1984). The amount made available under the Lomé II Treaty amounted to 40 million European Currency Units (ECU), whose value is close to one US dollar.

The European integration process will take considerable additional time and require far more effort. In order to develop into a full Union (as envisaged by the leading politicians involved) a large number of decisions by the Council of Ministers will have to be taken. This does not only apply to the implementation of the Rome Treaty, but even more to the creation of an ‘optimal Union’ satisfying all conditions of an optimal social order as discussed in Part I of this book. The Rome Treaty’s common transportation policy, for instance, has been implemented only very provisionally. The agricultural policy, now taking the larger part of the Community’s budget, must be reformed, since it is much too protective and has led to huge surplus stocks. Examples of proposed alternatives are those by Friedeberg (1985) and by Van Riemsdijk (1985); for the purpose of the present book it would lead us too far afield to discuss these and other alternatives.

An example of the hundreds of partial decisions to be made in order to eliminate imperfect competition is the harmonisation of large numbers of technical standards: of biological conditions,
quality standards for all sorts of raw materials and industrial products, and so on. Unification of industrial property criteria (patents, trade marks, etc.) is another example.

Industrialists have become active in pointing out the need for one industrial policy for the EC, if it is to become competitive with the US and Japan (cf. Wagner, 1985).

Subjects on which the Rome Treaty is not clear enough are those of the harmonisation of monetary and financial policy. If the EC wants to act as an economic union, the creation of money must be under joint control of the central banks, as the Federal Reserve system in the US. Since the desirable amounts of money creation depend also on the surpluses or the deficits of public budgets, or rather accounts, these must also be determined by a Community decision. Reports such as the Werner Report (1970) and the elaboration of it (Werner, 1977, for instance) analyse these problems, but the corresponding decision-making structure does not (yet) exist. (Cf. also Pinder, 1984.)

Unfortunately the cooperation of some national governments or political parties left much to be desired. President de Gaulle of France did not adhere to the basic idea of integration and his attitude considerably retarded the process. National interests were often seen myopically. Large public enterprises such as railways or telecommunication corporations ordered their capital goods from national manufacturers irrespective of quality and price, as a short-term support for their national employment policy. Similar forms of myopia were shown by socialist parties and trade unions, to the detriment of their own long-term interests.

A macro-economic indication that European integration probably is far below the optimal level can be seen in the fact that in the US the level of federal expenditures (excluding military expenditures) is more than ten times the amount of the EC budget, whereas, by coincidence, the total incomes of US and EC are roughly equal ($2500 billion ($10^9)). This, then, means that considerably more elements of national sovereignty have to be shifted to the level of EC.

12.7 INTEGRATION IN PROCESS ELSEWHERE

Partly in reply to Western European integration in various other parts of the world similar attempts at integration have been made. The most successful attempt no doubt is that of the Andean
Market, including originally Bolivia, Colombia, Ecuador, Peru and Venezuela. Serious attempts were made to agree on some division of labour between the less developed member nations, Colombia and Ecuador and the others. Many of the difficulties experienced in European integration also showed up here. Alongside this most advanced attempt at integration a more general, but less intensive form of integration is in preparation for Latin America as a whole.

A good start has been made in the Caribbean area with the signing of the Treaty of Chaguaramas in 1973. This established the Caribbean Community and Common Market (CARICOM) with 13 members. Its main objectives are to establish a common market, the coordination of foreign policies of member states, and functional cooperation including certain common services (a shipping line, an airline, and education and health services).

In Africa various groupings of countries exist which share some form of cooperation, but hardly provide us with precise directions for world-wide integration. Extreme drought in some parts of Africa and acute political problems require so much attention that more constructive and cautious policies of integration do not get the necessary attention. Some oil-exporting countries, (members of the Organisation of Petroleum Exporting Countries (OPEC)) gave most of their attention to the latter’s policies of market regulation.

This also applies to a number of Asian countries, mostly in Western Asia, but also in Indonesia. Attempts at cooperation were thwarted by religious-political controversies such as the Iraq-Iran war and the difficulties surrounding Lebanon and Israel. In Asia, moreover, three large countries (China, India and Indonesia) as a matter of course are less interested in integration; moreover, China is a communist state. The six-member Association of South-East Asian Nations (ASEAN) is a political rather than an economic association. Its cooperation with Japan may lead to some form of division of labour, but its main economic importance is the North-South character of such a cooperation (cf. Okita, 1980).

Quite recently regional cooperation in South Asia has been taken up again, as stated in the UN publication Development Forum (March 1986, p. 12).
12.8 GROUPS OF COUNTRIES IN NEED OF INTEGRATION

There is a wide divergence between the need for integration and political interest in such cooperation. By the need for integration we mean the potential increase in welfare (or at least, well-being) by the creation of larger markets and the ensuing division of labour. This need for integration is largest for groups of small countries. The clearest example are the Caribbean group of countries (cf. section 8.5) and Central America, neighbouring the Caribbean. It is ironic that exactly in that region the propensity to sovereignty is stronger than anywhere in the world. It is here that we find independent nations of less than 100,000 inhabitants; it is here that the island of Aruba, one of the 'Netherlands' Antilles' wants to separate itself from the other 4½. Such a political preference (of its leadership, or of all citizens?) is an expensive hobby. It must be hoped that one day this will be understood.

In the hope that in years to come more reasonable ideas will be expressed we venture to mention one aspect of political strategy that will occur. Where should the process of integration start? In principle, we think, the start should be made by the smallest two. They are the weakest, in all probability, and may gain most from cooperation. The two largest, being the strongest, are likely to gain relatively less. It is conceivable that as a consequence of the soil type, two islands will have the same most competitive product, and consequently, exceptions to our suggestions exist. Complementarity of main product may also be a factor favourable to starting cooperation.

As already mentioned, a good beginning has been made by the Caribbean Community and Common Market (CARICOM) mentioned in the previous section. For more details cf. the interview given by its Secretary General, R. Rainford to The Courier (1986). Similarly, also five Central American countries have concluded a General Treaty for Central American economic integration. We hope that the treaty's implementation will be successful.

12.9 HOW TO PREPARE FOR WORLD INTEGRATION

From the historical experience of several industrialised and a few developing countries it appears that integration is one of the
most powerful means to end war between the integrated political units (cf. sections 12.2 to 12.5 inclusive). The question makes sense, therefore, whether the process of integration can be advanced. The ultimate aim should be world integration which coincides with what we dealt with as the aim of strengthening the United Nations (cf. Chapter 11). As in other examples discussed (cf. section 12.8), alternative starting points are conceivable. It seems useful to recall a well-known historical lesson, namely that cooperation between independent nations is often facilitated by the existence of a common danger. Some would even maintain that the existence of a common enemy is a precondition to international cooperation. Western European cooperation certainly was furthered by the fear of the SU, as stated by P.-H. Spaak.

Even so, there remain alternative starting points for a further world integration. One possible start is the attempt to construct the building blocks of the world community discussed in sections 5.4 and 11.2. The incentive to start such negotiations might be a decision by the UNGA, on the basis of a report by an independent commission on strengthening the United Nations. We are aware of the ambitious nature of this train of thought. We derive the inspiration to formulate such an ambitious suggestion from the French dictum that great evils can only be treated with the aid of great remedies: aux grands maux les grands remèdes. The common danger to each group of nations envisaged as a potential building block would be their loss of any influence on UN decision-making.

Another possible start would be to address the two superpowers. Essentially it is their integration that is the crucial condition for an end to war. Integration, for the time being, can at best mean adherence to one or several treaties on test bans, a ban of weapons in space, a balanced reduction of forces, and so on, but considerably more radical than the treaties adhered to so far. The question is whether the two superpowers can be persuaded that they are threatened by a common danger. The undesirable common danger is the outbreak of war, especially but not exclusively nuclear war. A conventional war could be a danger too. Another common danger is a permanently high military budget.

There might be some other common dangers. The rest of the world might draw some conclusions from Alva Myrdal's statement (1976) that US and SU are playing a game with the rest of us.
These conclusions might be in the field of trade policies, where Japan and Western Europe should play the leading role.

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Towards Peaceful Coexistence

13.1 INTRODUCTION: PURPOSE OF THIS CHAPTER; TRADITIONAL CAUSES OF WAR

In this concluding chapter we shall summarise the results of our analysis of what we feel to be the most important problems of today's world: the organisation of peace, a higher welfare level and a much less unequal welfare distribution. Although the problems are interconnected, we shall consider their main aspects in succession.

The threats to peace have two main origins: the wish of nations to enhance their power, and the wish of some nations to defend or to spread their type of social order. The former may be called the traditional cause of wars and the latter the ideological cause of wars. The traditional cause of war is founded on nationalism and the corresponding preference for sovereignty. These factors also operate in countries whose social philosophy is internationalist, as may be illustrated by the name given by SU leaders to World War II: they call it 'the great patriotic war'.

Our point of view on traditional wars is that nationalism, although understandable, has irrational foundations and the preference for sovereignty rests on a misunderstanding. Nationalism rests on the assumption that the citizens of one's own nation are, essentially, better than those of other nations. This can never be true for all nations involved in a conflict and so must contain irrational elements. The preference for sovereignty rests on the assumption that sovereignty means control of the country's welfare, which is not correct. A sovereign country's welfare is also dependent on what other countries do.
3.2 IDEOLOGICAL CAUSES OF WAR

The ideological causes of war and of today's armament race of the two most powerful blocs (NATO and WP) or the two superpowers are based on the polarising discussions between the proponents of two extreme social orders: 
\textit{laissez-faire} and central planning. The systems are based on Adam Smith's \textit{Wealth of Nations} and Karl Marx's \textit{Capital}. These books are used almost as bibles and claim to be scientific foundations of the systems; at least, extremists of both factions think that way. The two books appeared, respectively, in 1776 and before or around 1883—the year of Marx's death (and, coincidentally, the year in which Keynes and Schumpeter were born). The authors did not know two fundamental changes in production technologies that would occur later: nuclear energy discovered by Albert Einstein (who in 1883 was four years old) and micro-electronics, a complex of technologies based on the use of digital arithmetic, semiconductors and miniaturising of the necessary integrated circuits. This combination enabled their users to make feasible and extremely cheap the process of very complicated computing and, with its aid, numerically controlled tools and other capital goods. Both inventions have brought about a revolutionary change in productive forces (\textit{Produktivkräfte}) for civilian as well as military production. The consequences of these revolutionary changes in productive technologies are very important.

13.3 NECESSARY ADAPTATION OF SOCIETAL THEORIES

Because of the important role played by 'productive forces' in both Smithian and Marxian theory, these theories have to be revised or adapted and so have the political strategies based on them: 'capitalist' and 'socialist' strategies. This cannot be done with the aid of the original 'bibles', but has to be done by ourselves, that is, on the basis of knowledge of the new technologies. In Secretary-General Gorbachev's words: 'we are living in a period of accelerated thinking' (Gorbachev, 1986). In some respects the strategy will be different from previous formulations, of Marxism-Leninism (for the communists) or different from previous formulations of economic and security strategies of western political leaders. This book is an attempt to present such a revision.
Nuclear energy first of all necessitates a revision of military thinking. A nuclear war using the currently available quantities of nuclear energy (which are about a million times those available in 1945 and used to bomb Hiroshima and Nagasaki) is a war without victors. A nuclear attack means suicide. This is so different from conventional military thinking that considerable areas of such military thinking have become baseless. Annihilation means that the use of nuclear armament as a threat loses its credibility and the consequences of this revised theory have not yet been drawn; let alone, penetrated into the military theories adhered to.

13.4 OFFENSIVE AND DEFENSIVE WEAPONS

It is ironical—or rather, tragic—that the development of armament by the two superpowers after 1945 was copied from Hitler, the aggressor-in-principle by developing his rockets, which are essentially offensive weapons. Had the military and the politicians known what is now known, they might have searched from the start for new defensive weapons. Now that both the SU and the US are overarmed with offensive weapons, any attempt to search autonomously for defensive weapons against rockets is extremely destabilising to the military balance, because the partner who first discovers such a defensive weapon obtains first-strike capability. The only safe way to switch from offensive to defensive weapons is a common search, a search for common security, as set out by the Palme Commission (Palme et al., 1982 and 1985). Moreover, as long as mutual distrust continues it is doubtful what common search means; and the only way might be a common non-search, that is a ban on certain types of armament.

The shift to defensive weapons is essential because the only absolute certainty about a nation's non-offensive intentions can be obtained by the country's inability to be offensive, i.e. not to have offensive weapons. And it can only permit itself to do away with its offensive if it has built up an equivalent defensive capacity. In the long run there is a choice between the ban on a number of weapon types and the building up of defensive armament; in the short run a ban seems to be the only possibility, provided verification is accepted.
13.5 CHOICE OF SOCIAL ORDER POSSIBLE ONLY IN FRAMEWORK OF SECURITY

The choice of a preferred social order is an area in which each country should be sovereign. Within the limits set by the SU this was adhered to by the CMEA in the Berlin 1976 meeting. In that meeting each member nation was given the right to choose 'its own way to socialism'. The limits set by the SU can be observed from the WP intervention in Czechoslovakia in 1968 and in Hungary in 1956. The relative freedom can be judged from the deviations between Kádár's Hungarian and other régimes. Recently somewhat more freedom seems to have been recognised.

In the western world and in the Third World this sovereign right is recognised within wider limits. Even so a tendency exists for the superpowers to set certain limits, as in Nicaragua by the US. This implies the possibility that one of the superpowers will intervene if a country chooses a social system rejected by that superpower. Such intervention can only be avoided if a system of world security exists, excluding military interference by any country, and the International Court of Justice decides on the legitimacy of a national choice.

A clear divergence exists between the rhetorics of social system choice and reality. Propaganda is made on both sides for the extreme orders: laissez-faire and central planning. These extremes are the only social orders which do not exist! All existing social orders are mixed: the US has a limited degree of social security, and the SU has limited private property of means of production: land plots and private service firms (cf. Adler Karlsson, 1967).

This state of affairs should be recognised more openly and help to enhance the degree of cooperation between the world's nations, particularly between the superpowers. This is a fundamental change in strategy needed because of the lethality of nuclear weaponry; it means a choice for tolerance instead of polarisation. This is a democratic socialist and at the same time a Western European message!

13.6 THE NEED FOR PEACEFUL CHANGE AND PEACEFUL COEXISTENCE

In a world order without war the possibility of changing that order must not be excluded. If change were not possible existing
inequities would be doomed to stay. Changing the world order must remain possible. In the past such changes were often brought about by violence; if we want to exclude violence, an alternative means must exist. This is a task of the International Court of Justice. In order for the Court to be able to pass judgements it cannot only rely on existing law. New international law will have to be created; one important source is the opinions of experts on economic and security orders. This is one of the justifications for the integration of socio-economic and security policies as attempted in this book. As a matter of course other integration processes are highly desirable—for instance, the integration of the aspects just mentioned with cultural and religious aspects (cf. section 8.4). Here too the role of tolerance must be stressed. In history intolerant religious attitudes repeatedly have done enormous harm to human welfare. There is considerable similarity between religious beliefs and extreme political attitudes; we have already mentioned the role of the 'bibles' of the extremist proponents of laissez-faire or communism.

If peaceful coexistence is what we want—and we do urgently need it—a spirit of tolerance is needed. American leadership must learn to live in a world where communists live; and the Russian leadership must learn to live in a world where private initiative is adored! Not only must they learn this: they may even have to teach it. In well-known Marxian language: a revaluation of all values (eine Umwertung aller Werte).

13.7 FOUNDATIONS OF OUR THINKING ABOUT AN OPTIMAL WORLD ORDER

Our thinking about an optimal world order must be inspired by (i) managerial thinking, and (ii) the existing structure of efficiently-run countries. In a hierarchy we can learn from what operates successfully at a lower level in that same hierarchy. In both cases the theory of the optimum level of decision-making for the solution of a given problem can be the principle to start from (cf. Scharpf, 1985).

The present structure of the United Nations needs fundamental changes based on the sources of inspiration mentioned. Important countries, in terms of population size and income per capita, need to have more voting power than less important countries. This does not need to go as far as in the IMF or the WBG, but
certainly clearly into that direction. In IMF and WB the influence of population size should be reinforced, parallel to the development in the parliaments of the oldest democracies. Research is needed to make more precise choices. Research is also needed on whether the world should be divided up into 12 to 15 blocks to be represented in the decision-making body—an intermediate level between the executive power and the majority of member countries. Most small member countries could be represented in one of the blocks; some very large countries could be blocks in their own right. The research recommended could draw on the experience and from the errors of the European Community. The degree of integration, for instance, of the EC is much too low, as a comparison with the US shows (cf. section 12.6, final paragraph).

13.8 FIRST STEPS TOWARDS PEACEFUL COOPERATION: SOCIO-ECONOMIC

The preceding sections deal with the long-term and mid-term reforms recommended and will meet with scepticism of many ‘short-term politicians’. In the two final sections we now summarise what in the short term can be steps in the direction advocated. As in Chapters 8 and 9 we will use current jargon and summarise what must be done to help solve the North–South problem and the East–West problem; in other words, the socio-economic problem of income inequality between developed and developing countries and the security problem of over-mament of the superpowers (and their allies). This section deals with the North–South problems and their solution, and on many points subscribes to the Brandt Commission recommendations (Brandt, 1980 and 1983). Important recommendations are the expansion of the money circulation (the IMF’s Special Drawing Rights should have been doubled instead of having been increased by 47 per cent); and not have imposed deflation to so many countries. Imports of industrial products should not have been subject to quotas and the Multifibre Agreement discontinued. Financial transfers to developing countries must be increased and debts rescheduled and partly be remitted. Commodity agreements should be concluded for more products, including sugar and cocoa. Technology introduced by transnational enterprises should be adapted to the relative scarcity of factors of production and the optimal lot size and physical characteristics
of products. A larger role of self-reliance of developing countries is desirable and programmes of cooperation should correspond to the special circumstances in the various continents. The least developed countries—especially in Africa—require a directed agriculture strategy.

13.9 FIRST STEPS TOWARDS PEACEFUL COOPERATION: SECURITY ISSUES

The transfer of sovereignty needed to enhance security can be started by the continued adherence to treaties concluded in the past and the conclusion of new treaties discussed in recent years. Ideas expressed by the Palme Commission and by the leadership of the superpowers in and after the Geneva summit in November 1985 and the Reykjavik discussion on 11 and 12 October 1986 deserve implementation.

Thus, continued adherence to the Non-Proliferation Treaty (1967), the Anti-Ballistic Missile Treaty (1972) and the Strategic Arms Limitation Treaty II (1979) and signing of the NPT by all non-nuclear states should be a start; followed by the conclusion of a Comprehensive Test Ban Treaty, a ban on weapons in space, a further negotiation of the SU proposal on peaceful cooperation in space, a ban on chemical weapons, a ban on anti-satellite arms and the creation of a nuclear-free zone in Central Europe.

The change in leadership in the SU was followed by new proposals on both sides. A comprehensive programme of disarmament was proposed by Secretary-General Gorbachev on 15 January 1986. The portion dealing with intermediate-range missiles was not linked to any conditions regarding the SDI and might be a first item for continued negotiations. But short-term negotiations cannot be the subject of a book like the present one. So we must leave that to other means of communication.

The role to be played by well-ordered negotiations will be extremely important for the world’s future. This may have contributed to the choice of a new project by the International Institute for Applied Systems Analysis (IIASA) in Laxenburg, Austria, on Processes of International Negotiation (PIN). Among the negotiation processes that have been complicated and successful those used to attain consensus about the new Law of the Sea deserve particular attention (cf. section 11.5).

In the past, when governments have made a deliberate decision
to seek improved relations, it has often been possible to overcome old hostilities very rapidly, and the same can and must happen again. For example, when the US and Chinese governments took the first small steps to improve relations, attitudes in the two countries changed from great mutual suspicion to curiosity and even friendship within a few years. As late as 1969, during the US debate whether or not to build an anti-ballistic missile (ABM) system, the argument was put forward that it was not yet technically feasible to build a 'dense' ABM system against SU missiles, but that was not so important, since the Soviet leaders were relatively reasonable and reliable. The greatest danger were the Chinese: they were so 'fanatic and unpredictable', it was said. Most important was to build at least a 'thin' ABM system as a protection against Chinese nuclear missiles. Today, the US is no longer afraid of a Chinese nuclear attack, but not because of any 'thin' ABM system. It is because the US and China have normalised their relations. Over 17,000 Chinese students are studying in the US, and many Americans visit China each year. There is growing trade between those two countries. This is what has brought greater security to them and less mutual fear, not a purely technical solution. There is no reason why a similar improvement in US-SU relations could not also occur, if the will is present on both sides.

The old idea that it is possible to gain unilateral security at the expense of other countries' security has become obsolete in the nuclear age. If others perceive us to be a threat to their security, so much that they wish we would disappear from the face of the earth, and if they have the means to make us disappear, we cannot be very secure. To be secure we should, on the contrary, see to it that we are so useful—preferably indispensable—to others that they would be very disappointed if we did indeed disappear. In the nuclear age, there can only be common security, or no security for anyone.

**NOTE**

1. In a conversation on 15 April 1986 between Secretary-General Gorbachev and the Swedish Prime Minister Carlsson.
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