Foreword

This book is an attempt to strengthen the foundations of a book *Warfare and Welfare* which Dietrich Fischer and I published in 1987. It dealt with the integration of security policy and economic policy in the restricted sense. Some of the main points of view were illustrated by quantitative models whose use in the preparation of economic policy is generally accepted. These models are very simple, however, and play a modest role in our main argument. In that book we announced our intention to work out those illustrations of our analysis at a later date in order to strengthen our main thesis. The main conclusions and propositions of *Warfare and Welfare* were given in qualitative and verbal form, dealing mainly with the optimal world decision-making structure.

The present book tries to provide a quantitative foundation, such as is customarily used in policy planning. The novelty of the subject and the restricted data base require a number of alternative approaches. They have in common that the geographical area is either the whole world or at least its most important parts, such as all market economies or the two superpowers or the members of the two main military alliances, NATO and the Warsaw Pact.

Alternatives are also shown with regard to the welfare (or utility) functions. Two types have been used, both showing decreasing marginal utility with increasing quantities consumed – a feature which I believe most economists would require. The difference between the two types is that one does not show satiation and so reflects the long-held philosophy that human needs are unlimited; the other type assumes that they are not nor should they be.

Recently, mankind has been confronted – especially by the Club of Rome – with the fact that the quantities of consumable goods and services annually available are limited and that we may be forced by our environment to accept 'limits to growth'. Already, it is becoming a serious problem how to ensure a decent life for the unlimited *number* of future generations, as distinct from *size*: both require modesty in what we claim for ourselves.

All models dealt with are macro-models, in contrast to some world models developed by others. They are one-man products: micro-models can only be built by institutes. My hope is that some features of my one-

man job may be useful in teaching, that is, in making our subject understandable, or to the builders of micro-models: real policy-making agencies.

It seems to be useful for the readers – and among them the reviewers– of a book for the author to formulate what he claims to be new. The novel elements in this book are, in the author's opinion, the following:

1. The aims of military policy (security) and development co-operation (equity) cannot be pursued independently. Contrary to the opinion of the 1986 American government, they are interrelated, and so it made sense that in 1987 the United Nations organized a meeting of member governments on this interrelationship.
2. The amount of 0.7 per cent of GNP proposed as a norm for Official Development Assistance (ODA) in 1970 should be replaced by a more sophisticated criterion. In this book three are proposed, which have in common that they are considerably higher amounts.
3. ODA should be a percentage of GNP that is higher for high-income donor countries than for lower-income donor countries.
4. In order to maximize world welfare-in-security, reductions in military expenditures of the same order as the increase in development assistance are necessary.
5. More concrete research programmes on the measurement of security levels are proposed.

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