GUNS AND BUTTER: SECURITY AND THE NEW GLOBAL AGENDA

by

ARCHER K. BLOOD

Not so many years ago, a tailor from New York City visited Rome and took advantage of an opportunity to see the Pope. Upon the tailor's return, his neighbors asked him eagerly, "What did the Pope look like?" To that the tailor replied, "About a 41 regular." All of us, individuals and institutions alike, suffer occasionally from such "tunnel vision." The eminent mathematician turned philosopher, Alfred North Whitehead, diagnosed the malady in more scholarly terms as "the fallacy of the single factor analysis."

We at the US Army War College are no exception. When we look at foreign affairs, we tend—appropriately in my view—to concentrate our attention on those issues which carry a potential for armed conflict or which clearly impinge on the security of the United States. These issues are generally political disputes over territory or legitimate authority, or economic problems with strategic implications.

Yet these issues are but the tip of today's foreign policy iceberg. A host of new problems must now engage our attention. The new issues are perhaps less dramatic, certainly more technical, and not to be resolved by the use or threatened use of military force. They are issues which grow out of the world's coming of age and the shrinkage of the geographic, social, and economic distances which separate nations. Interdependence is the benign label often used to describe this crowded, jostling situation to which mankind has been brought by its dynamic technology and its own dreams.

Former Secretary of State Henry Kissinger made the point well in a speech before the Los Angeles World Affairs Council a couple of years ago:

> Progress in dealing with our traditional agenda is no longer enough. A new and unprecedented kind of issue has emerged. The problems of energy, resources, environment, population, the uses of space and the seas, now rank with the questions of military security, ideology, and territorial rivalry which have traditionally made up the diplomatic agenda.[1]

Those of us who look at the world through the gray-colored glasses of national security need to guard against cavalierly dismissing these new issues as an agenda for global welfare, threatening to divert our attention and our resources away from what we consider to be the more basic concerns of global peace and security. We must also guard against the more subtle temptation to analyze these nonmilitary issues in bellicose terms, employing, sometimes without much discrimination, such concepts as "economic warfare" or "food as a weapon." If there are enemies in this nonmilitary environment, they are wraithful enemies like malnutrition, disease, pollution, unemployment, inflation, and lack of opportunity. It is patently incongruous to conceive as inimical, except to our conscience, the poverty-stricken masses of South Asia or of the drought-stricken Sahel in

northwest Africa. It is even difficult to assign enmity to oil-rich Arabs, most of whom rank among our best trading and investment partners and some of whom are among our staunchest allies in a search for peace in the Middle East. And the Soviet Union, whose military power presents so formidable a threat to our security, is but a marginal and, thus far, potential actor on this particular stage.

Finally, we must avoid being drawn into the quicksand of apocalyptic vision. True, the world is going to be more crowded, but people will not be standing on each other's shoulders. Unquestionably, there will be periodic shortages of food, but the specter of mass starvation in the world is a remote one. Certainly, there are finite limits to some raw materials and sources of energy, but science and technology have shown us ways of solving such problems.

In no important sense are we faced with an "either-or" situation. It is not a question of deciding between global security or global welfare, between guns or butter. We must concern ourselves with both. After all, our actions in the international arena have always been motivated by a variety of considerations: defense of our country, a vision of a better world, fairness and equity, a sense of responsibility growing out of our immense power, and the interests of individual sectors within the American society and economy.

In tackling this new agenda it is not even a question of choosing between autonomy or interdependence, between unilateral action or multilateral action. Sometimes, as in the case of energy sources, our best course of action could be greater self-sufficiency rather than greater interdependence. Given our status as the world's only economic superpower, we will most probably follow a mixed policy, although the nature of the problems to be addressed and our own sense of responsibility should inevitably move us to a predominantly cooperative approach.

Let us now take a summary look at this new agenda of foreign policy issues—issues which I prefer to call functional in order to distinguish them from the traditional political or security issues which can generally be given a geographic or regional name, such as US-Soviet relations, Angola, Panama, and the Mid-East. In looking at such subjects as international trade and monetary issues, food and population, raw materials and energy, let us also try, whenever we can, to link these subjects to national security concerns.

THE TRIPARTITE WORLD

Before looking at these issues one by one, it would be useful to construct an overall framework into which they can be fitted. Sometimes we describe them as the ingredients of the North-South debate, a shorthand term to distinguish the issues which both divide and link the richer industrialized countries and the poorer developing countries. Such a label has its drawbacks, however. Not all the richer countries are located in the northern half of the globe—witness South Africa and Australia. In fact, the equator is not at all a reliable divide between the developed and the developing areas of the world. Also, inasmuch as I have earlier tried to separate these functional issues from the traditional politico-security issues bearing geographic labels, it seems inconsistent to now proceed to pin a geographic name on these functional issues.

I prefer instead the older, albeit somewhat egocentric, terminology of the First, Second,

Archer K. Blood, USAWC 1963, is the Deputy Commandant for International Affairs of the US Army War College. He received his B.A. in Economics from the University of Virginia, and an M.A. in International Affairs from George Washington University. After serving as a Navy officer during WW II, Mr. Blood entered the US Foreign Service in July 1947 and was first assigned to Salonika, Greece. He was subsequently posted to Munich, Athens, Algiers, and Bonn. In 1956 Mr. Blood returned to the State Department where he served in the Executive Secretariat and as Cyprus Desk Officer. He later served twice in Dacca, East Pakistan (now Bangladesh); Kabul, Afghanistan; and in Athens. Before coming to the USAWC in March 1974, Mr. Blood was Acting Director of Personnel and Deputy Director General of the Foreign Service.

and Third Worlds. By the First World we mean the industrialized, democratic countries: the United States, Canada, Western Europe, Japan, Australia, and New Zealand. The Second World includes the Soviet Union and the Communist countries of Eastern Europe. The Third World embraces all other nations. The People's Republic of China is sometimes included in the Third World and sometimes treated as a case apart. Occasionally a Fourth World is formed from those Third World countries with a per capita Gross National Income of less than $300 in order to make a distinction between the richer developing nations, such as some of the OPEC nations, and the desperately poor nations, such as Bangladesh.

This conceptual framework of a tripartite or quadripartite world is also useful because it helps to place the current debate between the rich and less-rich nations in historical perspective, and because it serves to underscore the high degree of Soviet and Chinese irrelevance to the debate.

The current tripartite division is a linear descendant of the older, Cold War separation of the globe into the Free World, the Communist World, and the neutral nations. Yet the new version is considerably different. Political or military allies of the United States, such as South Korea, are included in the Third World, as are countries closely linked to the Soviet Union, such as Cuba and Somalia. The principal line of demarcation is not political, but economic—not a nation's security ties to one or other of the superpowers, but its attitude toward the world economic order, whether it views itself as having "arrived" in an economic development sense or sees a common bond of interest with developing nations in bringing about substantial changes in that order. As one writer described it, "nonalignment has been transferred into a joint alignment against all the industrial countries."[2]

Although the grievances and demands of the Third World began to be put forward in a serious way shortly after OPEC's successful action to bring about a quintupling of oil prices, it would be overly simplified to invest these two happenings with an autonomous cause and effect relationship. Admittedly, the entire Third World was unified and inspired by OPEC's success in rearranging the terms of trade for a Third World export. Still, the basic problems affecting the relations between the First and the Third Worlds predate the OPEC success and are a legacy of recent, post-World War II events. Higher oil prices have exacerbated worldwide inflation, widespread unemployment, economic stagnation, foreign exchange instability, and the vast increase in the external debt obligations of many countries, but higher oil prices are not the sole or even principal cause of such phenomena.

Many of the grievances of Third World nations stem from the realization that a generation of political independence has not brought substantial and sustained economic development. Some of the blame can appropriately be assigned to imperfections in the postwar monetary and trade systems, conceived by and in general managed by the First World nations. Some blame falls on the developing nations' own policies, such as neglect of the agricultural sector, but it is difficult humanly and politically for Third World leaders to accept such blame.

A common thread weaves in and out through all the grievances and demands of the Third World, whether they be calls for stabilization of the price of their raw material exports at high levels, debt rescheduling or moratorium, greater access to Western technology and Western markets, indexation to maintain parity between the prices they get for their exports and the prices they pay for imports from the First World, greater flows of development aid, or changes in the organization and operation of international lending institutions. That common thread is a demand for economic equity, for quality of opportunity.

The essential power base of the Third World in this campaign is their sovereignty over important commodities, such as oil, bauxite, coffee, cocoa, tin, and copper. As one Third World economist has written, "The

real bargaining power of the poor lies in their ability and their willingness to disrupt the life-styles of the rich. In any such confrontation the rich have far more to lose and are generally far more willing to come to a workable compromise."[3] In pursuing their campaign, the 100-plus countries of the Third World have thus far displayed great organizational ability and remarkable unity, despite the wide differences in their economic conditions. Their strategy is essentially a cooperative approach, more reformist than revolutionary, and it draws constant inspiration from the one successful affirmation of power, the increase in oil prices.

The dialogue between the First and Third Worlds is carried out in a number of arenas. The primary forums for the discussion of overall problems have been the United Nations General Assembly, the United Nations Conferences on Trade and Development, and the Conference on International Economic Cooperation, located in Paris and composed of 19 developing countries and 7 representatives from the industrial bloc, including the Common Market. In addition, forums exist for the discussion of specialized issues, as in the World Food Council, the General Agreement on Tariffs and Trade, the International Monetary Fund, and the World Bank.

To what extent does the Second World fit into this dialogue? The answer is, "Not much." The Soviet Union does not have an internationally traded currency. Its trade with the Third World is but a fraction of that of the West. Soviet exports as a percentage of Gross National Product are less than a third of those of the First World,[4] and Soviet products and technology are not highly prized in the Third World. Also, the Soviet Union has great difficulty in feeding itself and cannot compete with the United States as a source of food. More self-sufficient than the United States in energy and raw materials, the Soviet Union does not offer a very substantial market for the exports of Third World countries. Generally, developing countries look upon Soviet aid and trade as a supplement, not an alternative, to Western aid and trade. For its part, the Soviet Union has tried to maximize its natural irrelevancy to the dialogue between the First and Third Worlds, falling back on such comfortable slogans as economic imperialism to align itself rhetorically with the aspirations of the developing nations, but refraining from any useful measures to help realize them.

The People's Republic of China is even more irrelevant in a practical, economic sense. PRC aid to the Third World has been declining and PRC trade with the Third World is small and heavily in China's favor, with its major purchases being rubber and nonferrous metals.

Unlike the Soviet Union and the People's Republic of China, the United States is, whether we like it or not, in a commanding central position. We are, after all, the political and military leader of the First World, the world's greatest economic power, the principal consumer of Third World products, the principal supplier of industrial goods and technology sought by the Third World, the greatest exporter of agricultural products, the leading banking country, and the country most advanced in the application of science and technology to the solution of the physical problems facing mankind. After a slow start, explained in part by a miscalculation of the strength and unity of the Third World's campaign, the United States has been engaged in a major effort to address the special needs of the Third World for growth and development. The watershed was Secretary Kissinger's address to the UN General Assembly's Seventh Special Session in September 1975, when he went on record as saying that it was in the enlightened self-interest of the industrial nations to meet some of the Third World demands.[5]

INTERNATIONAL PAYMENTS AND TRADE

Let us turn now from the general to the specific, from the conceptual to the concrete. The most basic and at the same time the most esoteric item on the new foreign policy agenda is the disarray in the international monetary system which underpins trade and

all our other economic relationships with the rest of the world.

One of my college textbooks in economics, now a generation old, contained a chapter headed, "Pathology of International Payments."[6] That was not a bad title, considering the ills which eventually befell the international monetary system that came into being with the Bretton Woods Agreements of 1944. Those agreements created the International Monetary Fund, designed to be the central bank for the central banks of individual nations. The Fund attempts to encourage sound economic policies by its member countries and to serve as a credit pool to which member countries contribute their own currencies and gold, and from which they can buy other members' currencies.

The twin rocks of the monetary system established at Bretton Woods were, first, stable exchange rates fluctuating only within a percentage of the par value of member currencies set by agreement with the Fund, and second, the willingness of the United States to convert officially held dollar balances into gold upon demand.

The relatively inflexible exchange rates contributed to prolonged payment imbalances between countries. As the war-damaged economies of Western Europe and Japan recovered and became more competitive with the United States, the United States ran into balance of payments difficulties. Many countries increased their liquidity—that is, their easily usable international monetary reserves—by running surpluses in their overall payments with the United States. It has been succinctly said that the US balance of payments deficit furnished liquidity to the world.[7] Foreign countries accumulated dollar balances to the point where these balances exceeded US holdings of gold. The creation of a new international monetary reserve asset for the Fund, called Special Drawing Rights or SDR's—which was fiat money additional to gold and dollars and not linked directly to gold—failed to reduce the pressure on the US balance of payments. Finally, in August 1971, President Nixon suspended the convertibility of the dollar in gold and temporarily imposed a 10 percent surcharge on imports. The suspension of dollar-to-gold convertibility, followed by two subsequent devaluations of the dollar and the shift of the major currencies to a regime of floating exchange rates, marked the end of the Bretton Woods international monetary system.

Floating exchange rates are intended to facilitate an automatic adjustment to international payment surpluses or deficits. As a nation begins to earn less than it spends abroad, the value of its currency should be allowed to fall, its exports should become cheaper, and its greater sales abroad should stimulate a demand for its currency and restore its value. In practice, however, unless exchange rate depreciation is accompanied by proper supporting measures, which are often missing, it will have an inflationary impact and possibly lead to further weakening of the depreciating currency. Great Britain and Italy are cases in point.

The United States has looked upon floating exchange rates as a practical response to the problem of making balance of payments adjustments in an era when the oil price rise, widespread inflation differentials, and continued flows of short-term capital rule out the reestablishment of fixed exchange rates. Many Third World nations believe, however, that floating exchange rates create greater uncertainty and complicate their own monetary and development planning decisions. But the central thrust of the developing countries' demands in the international monetary sphere is for a new extra issue of SDR's to be allocated among the developing countries, particularly the least developed, as a means of increasing financial assistance for development.

Under the leadership of the United States, some important steps have been taken recently to ease international payment difficulties for Third World countries. The financial resources of the International Monetary Fund have been increased, as have the lending capabilities of the World Bank. One-sixth of the Fund's gold holdings is being sold, with the profit going to the developing countries. And, in another fundamental

measure, Third World countries have been given a larger voice in the making of international monetary decisions. The lesser-developed countries, including oil producers, now have 9 of the 20 seats on the Fund's Interim Committee.

The trade counterpart to the International Monetary Fund and the World Bank is the General Agreement on Tariffs and Trade (GATT). Also created during World War II, GATT has been the institutional framework for a liberalization of international trade through the reduction of tariffs and other barriers, such as import quotas. The underlying principle of this trading system has been most-favored-nation treatment, giving the foreign traders of every country the right not to be treated worse than the traders of any other country. Third World countries, lagging behind in development, have criticized GATT as reflecting the interests of the industrially advanced nations which, they argue, are the only ones capable of enjoying the nondiscriminatory benefits of the most-favored-nation principle. In the Third World's view, the equitable solution is preferential treatment for imports of semiprocessed and manufactured goods from the developing nations.

In response to such Third World demands, the United States and most other industrial nations have set up a "Generalized System of Preferences" for less-developed countries. Our system authorizes the President to grant duty-free treatment to over 2,700 items of imports from 100 developing countries, for a period of up to 10 years. US producers threatened by a particular duty-free import can petition to have it taken off the list, with the final decision resting with the President. Since the preferences can be unilaterally withdrawn, Third World countries have sought to make them permanent, or at least of longer duration. The United States holds to the position that such preferences should be considered as a temporary exceptional measure and that nations progressing to a higher stage of development must be prepared to compete on equal terms and negotiate any tariff concessions through regular multilateral trade negotiations.

Nonoil-exporting Third World countries find themselves in a bind. Thanks to their Third World colleagues in OPEC, the price of the fuel they import has multiplied. Because of global inflation, the prices of the goods they import from the industrial nations have increased. Because of the recession in the industrial world, demand for their commodity exports has slackened, and prices of some of these exports have dropped. As a consequence some of these countries have accumulated massive external debts. About a dozen of the higher-income countries in the Third World depend largely on private markets for external capital, and much of their debt is owed on a short- or medium-term basis to commercial banks in the major banking countries—the United States, Canada, France, the Federal Republic of Germany, Japan, and the United Kingdom—and, of course, in part owed indirectly to the OPEC nations, the source of so much of the funds available for loans. Some of the countries most heavily in debt are those with which we have important security ties, such as Brazil, Greece, Turkey, Spain, the Philippines, and South Korea.

Faced with what they perceive as inadequate flows of official development assistance, many Third World countries have proposed a general debt moratorium. It should be noted, however, that very few of the poorer countries, India and Pakistan being notable exceptions, have significant accumulations of debt. Other countries, like Mexico and Brazil, have dissented from support of a debt moratorium, being fearful of ruining their credit standing. The United States and most other First World nations oppose a generalized approach to the debt problem and favor instead a case-by-case examination of those countries with the greatest financial difficulties. They also believe that the problems of the poorer countries must be addressed in the context of their overall balance of payments rather than solely in terms of their external debt. A stretch-out of debt maturities will continue to be necessary when individual countries encounter serious servicing difficulties. Moreover, greater cooperation between

official and private creditors in responding to such difficulties seems inevitable.

RAW MATERIALS, ENERGY, AND FOOD

More and more of our foreign policy attention, particularly in our relations with the developing countries, is focused on issues involving natural resources—raw materials, energy, and food.

The United States and other industrial nations are increasingly dependent on foreign sources of supply. US dependence on foreign oil increased from 19 percent in 1960 to 44 percent in 1976. West Europe and Japan are even more dependent, respectively importing 68 percent and 75 percent of their oil needs in 1974. As far as industrial raw materials are concerned, in 1975 we imported 85 percent of our aluminum ores and metal, 91 percent of our chromium, 80 percent of our platinum, 99 percent of our manganese, 75 percent of our tin, about a third of our iron, and all of our rubber. With respect to food, the shoe is on the other foot; we are net exporters of food. Agricultural exports contribute $21 billion a year to the US balance of payments, and Third World nations are our largest market.

In the Third World, as already noted, national control over natural resources has become a major political issue. The price and distribution of oil and certain critical raw materials are the Third World's principal bargaining chips in their negotiations with the industrial nations of the West, just as their increasing dependence on food imports, principally from the United States, is one of their major vulnerabilities.

The raw materials issue, if looked at from a narrow national security perspective, becomes first and foremost a problem of assuring ourselves access at a reasonable cost to critical raw materials which would be needed during a military conflict. Broadening the perspective somewhat, we also have an interest in times of peace in seeing to it that we and our industrial allies can look forward with some confidence to an expanding supply of raw materials in the foreseeable future. Bearing heavily on this interest are the problems of raising the levels of investment necessary to meet the demands for new productive capacity, the harmful effects of excessive fluctuations in the prices of raw materials, and the likelihood that some raw material producers may resort to steps to restrict exports or allocate them on a nonmarket basis.

Broadening our perspective even further, we find ourselves with an interest in helping the Third World countries to enjoy an equitable and relatively stable return from the sale of their raw materials because their improved economic situation is important to peace and stability in the world.

The US stockpile of strategic and critical materials is intended to meet the first and narrowest of these considerations. Consisting of 93 minerals, metals, and other industrial materials, most of which were acquired before 1959, the stockpile was valued at almost $7.4 billion as of June 1976. Originally the stockpile was built up on the presumption that the nation should have a supply sufficient for a four-year war. In 1958 President Eisenhower reduced the criterion to the needs of the first three years of a conventional war. President Nixon redefined the requirement in 1973 in terms of a one-year war, but in October 1976 the Ford Administration announced the reestablishment of a three-year goal. The new policy guidelines for the stockpile indicate the government's long-term intention to buy additional lead, iridium, platinum, palladium, manganese, and tungsten; to maintain copper and chromium stockpiles; and to sell all of its silver and most of its tin, while upgrading bauxite to alumina.

Actually, our vulnerability in strategic raw materials is frequently exaggerated or distorted. With some exceptions, our vulnerability is not absolute, but a matter of degree which can be ameliorated by developing substitutes, given time enough. For example, we import most of our bauxite because it is cheaper to do so, but given the incentive, we could substitute domestic alumina-bearing clay for bauxite. Furthermore, virtually all authorities are

agreed that we need not be concerned about an overall physical limitation of most resources, although we will doubtless have to turn more and more to lower grade ores in more inaccessible locations, thus raising the costs of exploration, development, and marketing. Nor do we need be concerned about the threats of producer cartels for critical raw materials. A successful cartel must control a product which is in heavy demand and for which there are no timely or economic substitutes. Moreover, the cartel members must be rich enough to control production, if necessary, and possess a great degree of political cohesiveness. OPEC meets these criteria, but the OPEC model will not easily be reproduced for commodities like tin, rubber, or copper.

We need not panic in the face of the raw material challenge thrown down by the Third World, but we do need to negotiate with the developing countries on a wide range of issues respecting commodities. Raw materials constitute two-thirds of Third World exports, and if Third World nations are to achieve sustained economic growth, they must seek greater and more stable earnings from the export of their raw materials.

In an effort to maintain the real value of their commodity exports, Third World nations have urged the expedient of "indexation," or tying the prices of their commodities to the cost of goods which they import from the industrial nations. Indexation is practiced in certain sectors of our economy; in labor-management contracts, for example, wage scales are sometimes tied to the general cost-of-living index. Applied generally to world trade, however, indexation would probably redistribute income in a manner contrary to that intended by its sponsors, since three-fourths of the world trade in commodities is conducted among the industrial countries themselves.

At last year's meeting of the United Nations Conference on Trade and Development in Nairobi, the Third World countries argued for a common fund for financing buffer stocks for a large number of commodities—in effect, a general system of price supports working roughly along the same lines as our own farm price support program. The United States opposes a common commodities fund on the grounds that it would be cumbersome and expensive and would call for undue government intervention in the market. Instead, we have indicated a willingness to discuss new arrangements for individual commodities on a case-by-case basis. Individual commodities vary greatly as to the nature of the market, the location of production, perishability, competition from substitutes, and supply and demand elasticity.

Another approach is to address Third World export earnings rather than commodity prices. An example is the Lomé Convention of 1975 between the European Common Market countries and 49 of their former colonies in Africa, the Caribbean, and the Pacific. In the event that export revenues derived from a number of tropical products and iron ore sent to the Common Market fall below an established reference level, the European Community will compensate the countries concerned for part of the resulting losses.

Another test of international cooperation in the raw materials arena is the ongoing effort in the Law of the Sea Conference to reach agreement on an international regime which could facilitate exploration and exploitation of the mineral wealth of the ocean seabeds, while ensuring an equitable share of the proceeds for the poorest of the developing countries.

The five-fold increase in the price of oil has ricocheted through all these areas. It has fired inflation, fed the dangerous increase in the external debt of many countries, filled the pool of international liquidity to overflowing, and impeded the expansion of world food production by boosting the price of fertilizer. Yet the oil price increase is looked upon by nonoil-exporting nations of the Third World as an inspiration and a standard around which to rally.

The case for the increase in oil prices was well put by Carlos Andrés Pérez, President of Venezuela, one of the leading OPEC nations:

> What needs to be understood by rich and poor alike is that an increase in oil prices does not represent selfish motives on the part of OPEC. Rather, it signifies the irrevocable decision to dignify the terms of trade, to confer true value on raw materials and other primary commodities of the Third World, so that our purchasing power can be maintained and development can be planned.[8]

Such an argument has little appeal for American pocketbooks. However, it does serve to explain the amazing unity of the Third World and the willingness of poorer nonoil-exporting nations to absorb the penalties of higher oil prices, which are relatively much more burdensome to them than to us, in the hope that a united front with the OPEC nations will help open up greater opportunities for all of them.

An Iranian writer has emphasized, "The oil price rise was a warning to the world that the limits to the interminable growth of energy . . . were not merely physical but also political and financial."[9] The physical limitations can be softened by technology and substitution. The financial straits, while painful, have been tolerably swallowed up in general inflation. As far as political limitations are concerned, it is not so much outright embargoes which we need fear but the subtle threat of such action, which cannot but circumscribe our diplomatic freedom of action and that of West Europe and Japan.

Here national security concerns dictate at least a minimal insurance program. Our international response was primarily through the International Energy Agency, launched at US initiative, and consisting of 19 industrial oil-importing nations. This agency has done some useful work in encouraging conservation measures, setting up arrangements for oil sharing and mutual financial help in the event of severe supply difficulties, and coordinating energy research and development efforts.

Our international energy policy has, however, been undermined by our failure at home to submit ourselves to any energy discipline either by reducing demand for oil through energy conservation or by paying the economic costs of broadening the base of our domestic energy supply. The decision to establish a strategic oil reserve has been a step, but only one step, in the right direction.

One spin-off problem of the energy crisis with particular relevance to national security is the heightened interest of Third World nonoil-exporting nations in developing nuclear power as an alternative energy source, with the resultant danger that nuclear material, equipment, and technology supplied for energy purposes might be diverted to the manufacture of nuclear weapons. Of course, the political and security incentives to proliferation are much stronger than energy-associated economic incentives. A successful or even relatively successful nonproliferation policy calls for progress in minimizing sources of international tension and conflict, further progress in SALT negotiations, and an effective and comprehensive ban on nuclear tests.

Food, the remaining major component of natural resources, has claimed increasing importance on the new foreign policy agenda since world hunger became a problem of crisis proportions in 1973. Too often we are tempted to look upon this issue in narrow Malthusian terms, seeing a gap between the growing number of mouths to be fed and a total supply of food which does not appear to be expanding as fast as the world's population. The problem is more complex. Many authorities believe that the food problem is essentially one of constrained purchasing power and facilities for distribution, rather than of absolute scarcity.

Countries with food deficits have had to pay higher prices in the 1970's for imported food because of worldwide inflation. Higher oil prices have made petroleum-based fertilizer more expensive and thereby limited these countries' efforts to expand food production. In South Asia, where the food crisis impacts most severely, only 20 percent of funds available for development have gone into the development of the agricultural sector which accounts for 85 percent of the population. South Asian leaders have found it more attractive to push industrialization

programs and politically easier to import food to feed the millions who wander from the farms to the cities, rather than to carry through slow and difficult improvements in agricultural practices.

All this is not to say that the food-population link is not important. The most direct consequence of inadequate nutrition is infant and child mortality. One reason why parents in poorer Third World countries are anxious to have large families is because they anticipate a high rate of loss among their children. I saw this linkage at work at firsthand when I visited a village in Bangladesh. There an American pediatrician conducted a weekly clinic, treating the infants and children of the village in return for the mothers' making them available for periodic examinations. According to the doctor's charts and records, these Bengali infants started off with the same vital measurements and potential for sustained growth as did American infants. Within two years their measurements fell off from the American norm as their mothers produced more children, favoring the newer infants in feeding. The doctor had little difficulty in predicting how many of these infants would not survive beyond a dozen years and how many of them who did survive would be stunted physically and mentally because of chronic malnutrition.

The United States carries great authority and responsibility in this vital area. I have refrained from using the word "power" because, in my view, power carries too strong a national security implication. I have yet to see a convincing direct link made between our own physical security and the population growth, malnutrition, and poverty in the poorer countries of the Third World. Starving people have rarely been a threat to their own governments, let alone foreign nations, although on occasion, as in the case of the Ethiopian military, certain elites can be moved by a government's insensitivity to a food crisis to overthrow that government. A more potent threat to political instability than malnutrition is the widespread unemployment of educated and partially educated youth in the heavily populated areas of the Third World.

The United States is not as free to use food as a weapon in its diplomatic arsenal as is commonly believed. Nearly all of the food exported from the United States is sold through commercial channels at the going market price. Only 15 percent of our food exports to the Third World are currently made available at concessional terms under foreign aid agreements. The American farmer and important sectors of American business have a strong interest in protecting their overseas market, as was evident in their objection to restrictions on the amount of wheat sold to the Soviet Union.

In the much smaller noncommercial sector, some of our food supplied under aid agreements can be linked to security or foreign policy considerations. In 1971 the United States promised South Korea increased rice shipments if it would restrict its textile exports to the United States. In 1973 and 1974 nearly 70 percent of the food exported under Public Law 480 went to South Vietnam and Cambodia. In 1975 Egypt and Syria received food on concessional terms when the disengagement agreements were being negotiated. For the recipient countries, the value of such aid is in great part budgetary, allowing them to acquire additional imports without using scarce foreign exchange and to generate local currency in selling the food to their people. Recently the Congress has imposed limitations on this security-related use of food, requiring that three-fourths of our food aid be directed toward the poorest of the Third World countries.

In the determination of our international food policy, the principal battle is not between security concerns and humanitarian considerations. It is rather a question of the proportions in which our agricultural production and marketing decisions will be driven by commercial interests or considerations of public policy. The latter go beyond security concerns to embrace such motives as helping others to grow more food and tackling the underlying structural problems in the global agricultural system.

NEGOTIATION, NOT CONFRONTATION

The issues at which we have taken so

summary a look are in large part new issues. Poverty and malnutrition and economic inequities have always existed. The difference is that today two-thirds of the world are determined to attack these problems, just as in our country the age-old problems of racial and sexist discrimination have come under effective attack. As one State Department official has said, "We are in effect being challenged to frame a more equitable and a more productive world economic system."[10]

Such a global economic system can come about only from negotiation, not from confrontation, from cooperation and not from coercion. Our security interests and our continued economic well-being, our self-interest and our humanitarianism, should lead us in the direction of new international arrangements which ensure access by the industrialized countries to energy and other raw materials and access by the developing countries to markets at stable and profitable prices. These arrangements should bring greater order, equity, and efficiency to the international monetary and trading systems, and they should permit wider distribution of technology, management skills, and investment capital throughout the world.

To paraphrase an earlier statement, we cannot choose between guns and butter, between pursuing global security and attending to the new global agenda. We must concern ourselves with both.

NOTES

1. Henry Kissinger, "A New National Partnership," address to the Los Angeles World Affairs Council, 24 January 1975, reprinted in *Department of State Bulletin*, Vol. 72, No. 1860, 199.

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