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After the Cold War

Security for Development

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How the multilateral financial institutions decide to respond to the forces for reform in Eastern Europe — and to advance peace-building processes in Africa, South Asia, Indo-China, and Central America — could be as important to the advancement of world order as their support for West European reconstruction and development was 40 years ago. With major donor countries focused on Europe, and the passing of Cold War ideological tensions, the Bretton Woods institutions need more than ever to represent Third World interests.

This paper — a product of the Strategic Planning Division, Strategic Planning and Review Department — is part of a larger effort in PRE to identify key development questions and to anticipate future prospects and potential issues. Copies are available free from the World Bank, 1818 H Street NW, Washington DC 20433. Please contact Carole Evangelista, room S13-137, extension 32645 (42 pages).

If the Cold War era is ending, the paradigm that has framed national security agendas for over 40 years must change. Threats to the environment, instant global communications, access to changing science and technology, and deepening economic interdependence are rapidly eroding national sovereignty and blurring distinctions between foreign and domestic policy.

How the multilateral financial institutions decide to respond to the forces for economic reform in Eastern Europe — and to advance peace building processes under way or imminent in Africa, South Asia, Indo-China, and Central America — could be as important to the advancement of world order as their support for West European reconstruction and development was 40 years ago.

In conflict-plagued regions of the Third World, multilateral financial institutions will have important new opportunities to support incipient peace processes. Such efforts could significantly improve economic growth and reduce poverty in seriously affected countries, could advance the trend of improving East-West relations, and could strengthen the multilaterals' authority to bridge security and development issues.

These institutions can help "ripen" peace processes with timely assessments of the economic gains from national reconciliation; help reinforce peace processes and reduce the risk of reversibility; and perhaps act as "broker and balancer" by allocating resources to facilitate the positive-sum bargains needed to stabilize a nation or region.

In Eastern Europe, support by the international financial institutions for market-oriented reforms, economic modernization, trade expan-

sion, human resource development and other ventures will be much more effective if they are designed and executed within a long-range strategic framework that encompasses all of Europe, including the Soviet Union. The international financial institutions can also help manage any problems that could emerge if expanding exports from Eastern Europe are granted preference over products from developing countries or otherwise disrupt their markets.

Finally, multilateral finance and development institutions can ease the transition to a new post-bipolar global security regime beneficial to developing countries. They can:

- Prepare "watching briefs" on regional and civil conflicts to aid long-range planning and prepare for introducing financial and other assistance for peacekeeping and peace-building efforts.
- Promote greater regional cooperation in trade, environmental management, communications, education, and other economically significant links. Today these issues are increasingly being perceived by potential partners as essentially matters of national and regional security. Most successful regional organizations — including the European Economic Community — have come together and stayed together for reasons of collective security.
- Integrate the democratizing nations of Eastern Europe into the world economy, a process that might eventually engage the Soviet Union.
- Design long-range approaches to involve developing countries in international efforts to deal with the degradation of the world's vital atmospheric, marine tropical, water, and biological resources.

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I. SECURITY FOR DEVELOPMENT IN A POST-BIPOLAR WORLD

1. Wars, and the heavy investments to fight or deter them, continue to subvert economic development throughout much of the world. Since 1945, nearly 200 civil and regional conflicts have devastated poor nations in Africa, Asia, and Latin America. In 1987 there were no less than twenty-five such wars, a record, and all of them in the developing world.¹ Nuclear deterrence may have contributed to peace between the two superpowers, but the bipolar global security order has either tolerated or exacerbated conflict throughout much of the Third World. And wars are only the most extreme manifestations of the insecurities that afflict developing nations.

2. The accelerating diffusion of economic, political, and military power within and among nations is transforming how all governments define and order their vital interests and national security, but developing countries are especially vulnerable. The elements of a flourishing economic base -- that complex mix of rising productivity, sound fiscal and monetary policies, effective use of science and technology, and a loyal, educated and disciplined work force -- are overshadowing military capabilities as the modern indicators of national power and strength. As many developing countries struggle to overcome debt and rekindle growth, international economic issues that can spark internal ethnic and other tensions become more readily identified with national security.

3. For more than forty years the world's principal multilateral financial institutions have been accustomed to operating within a bipolar global security system that effectively precluded them from openly and objectively responding to the national and international security concerns of developing countries. Today, the political and ideological foundations of the Cold War era have been shaken so fundamentally that the issue of whether and how to foster greater national and regional security as a precondition for the sustainable economic growth of developing countries can no longer be ignored by the international financial institutions.

¹/ Ruth Leger Sivard, World Military and Social Expenditures, (Washington, D.C.: World Priorities) 12 Edition, 1987-88, pp. 28-31.

4. This essay makes no attempt to prescribe a strategy for designing and implementing economically productive security enhancement programs. Rather, its primary focus will be on the current restructuring of the international security system, with reference to some of the possible implications for multilateral development institutions. Developing countries, already have had to adapt to fundamental changes in the global hierarchy, a process that is likely to accelerate in the 1990s.

5. The most noteworthy change, but by no means the only major one, appears to be the ending of the Cold War. A second shift has been Japan's rapid accumulation of the largest cache of wealth ever assembled by one nation, while the U.S. has gone from being the world's largest creditor in 1982 to becoming -- in just five years -- the world's largest debtor. Japan's surpassing of the United States as the world's largest donor of overseas development assistance is one indicator of the new international economic hierarchy. On another front, the creation of a unified European internal market in 1992 and a corresponding rise in that region's capacity to influence the global political economy could eventually rival Japan's ascendancy. The effects of these changes, interacting with recent trends in policy reform and ideological outlook throughout much of the Third World, could create important opportunities for expanding the scope and nature of the contributions that international institutions can make to world peace and development.

6. If the Cold War continues to thaw, are conditions likely to be more or less conducive to security enhancing multilateral initiatives, including timely participation by the Bretton Woods institutions? In addition to the traditional role of the UN in peace keeping and mediation, more proactive and far reaching multilateral actions might include:

- providing financial and political incentives for national reconciliation and integration in countries torn by civil strife, including the rebuilding of capacity in public administration and other forms of human capital;
- assisting programs aimed at reinforcing regional peace and security agreements;
- providing rewards and penalties for any major changes in a borrower/aid recipient's level of military expenditures;

- helping developing countries to meet the costs of participation in the new global regimes that will be required if a new generation of security concerns, such as threats to the world's atmosphere, water resources, and biological diversity, are to be adequately managed.

7. While the ebbing of the bi-polar ideological competition should eliminate one contributing factor to the outbreak and escalation of local and regional conflicts, this could also weaken restraint of local antagonists who no longer need fear superpower interventions. As noted below, it is not yet clear whether a definite end of the Cold War, should it occur, would open the way for joint or parallel actions by the superpowers to promote peace and development in the Third World, or merely signal their disengagement. Either way, the opportunities for initiatives by multilateral institutions are likely to increase and in a more multipolar global environment their importance as a voice for majority of smaller and typically poorer developing countries will become more vital.

8. Before turning to the broad outlines of the global security system in transition, it is important to note how the scope of "international security" is changing in domestic and international affairs.

Widening the Scope of International Security

9. The term "international security" is ambiguous and emotion-laden, greatly complicating its analytic use, even among those who identify it as their primary scholarly or professional interest.² While the exact meaning of "international security" has always been somewhat elusive, the topics and relevant government institutions have been easy to identify: preparing and sustaining military defenses, threatening and using military force when necessary, negotiating and managing alliances and arms control agreements, various intelligence operations; indeed, almost any problem related to central political problems of threat perception and management among sovereign states. The scholarship and public understanding of international security affairs primarily reflected the concepts and policy debates surrounding the emergence of the Cold War and the development of atomic weapons after World War II. The field has also

2/ Joseph S. Nye, Jr. and Sean M. Lynn-Jones, "International Security Studies: A Report of a Conference on the State of the Field," International Security, 12:4, 1988, pp. 5-27

been dominated by those who are most concerned about the security of the United States, as the world's leading military and economic power.

10. The international security agendas of all countries have expanded enormously in the era of complex interdependence. This process has occurred in two directions, greatly complicating national governance and international relations. Horizontally, national security agendas are widening to encompass a host of international economic, environmental and cultural issues. While vertically, the international dimensions of domestic politics and economic policies have blurred conventional distinctions between national and foreign affairs.

11. For all the recent talk about the need to deal with international security as much more than the range of military problems facing a particular government, there remains a fundamental difference between the situation of most developing countries and the situation of those in the industrialized world. And it is a distinction which Western international security experts typically overlook. Whereas the most vital security concern of the United States and its Western allies is still the design of an adequate defense against an external military threat, namely from the Soviet Union, the principal security task for most governments in the Third World has been, and remains, a much more diffuse challenge. It is to build a viable nation out of the resources that each has available. This task will acquire different dimensions in the more pluralistic global political economy of the the 1990s but that it is unlikely to become any easier.

12. Not only are national economies much more highly interdependent and affected by forces beyond the control of governments, but the domestic politics among nations also have become inter-connected in powerful new and complex ways. Rapid communications accelerate the flow and power of ideas, including the heightened awareness of individual and group rights. An intricate changing web of private, inter-governmental, and government to non-government ties strains the traditional institutions of governance. The search for "vision" and "leadership" have become familiar themes among industrialized democracies, developing countries, and the Communist countries. Historically, regional or global order has been imposed, top-down by the dominant military/economic power. If the world is poised on the edge of a more pluralistic democratic global security order, what stake will the developing countries have in this process, individually or through concerted efforts in multilateral institutions?

13. To put this question in context, the following section of this essay will briefly outline the historical alternatives to the current global security structure. In attempting to gauge what might supplant the bi-polar order, particular attention is given to the 'new thinking' and policy initiatives coming from Moscow. The American response and the interaction with Japan's changing role and the emergence of a more unified Europe are also considered. The final section of essay weighs the prospects for regional peace and stability, a major precondition for sustainable development, and outlines several broad options that are likely to become increasingly available to multilateral institutions for helping to achieve this objective.

II. THE CHANGING GLOBAL SECURITY ENVIRONMENT

14. Returning from his first trip to the Soviet Union in early June 1988, President Reagan's public comments were widely read as signaling a truce, if not the end, to forty years of Cold War. Since then a cottage industry of publications assessing the end of this era has sprung up.³ Yet thus far we are without a clear vision of what might replace the bipolar order, or even a clear strategy for one side or the other as George Kennan outlined for the U.S. in his famous 1947 "X" article on containment at the onset of the Cold War.⁴ Compared to the onset of the cold war, however, the current challenge to world leaders to produce a politically salient road map for international relations is a far more complex and subtle exercise. To be viable this will take time and require international consensus. Before assessing wider implications of a warming trend in U.S.-Soviet relations, and for multilateral development and financial

3/ Much of this literature deals only with 'winners and losers' as in Zbigniew Brezezinski's The Grand Failure The Birth and Death of Communism in the Twentieth Century (New York:1989) or Robert Heibroner's essay "The Triumph of Capitalism," the New Yorker, January 23, 1989. Many others have focused the dynamics of the relationship, as does the continuing occasional series of OpEd "Is the Cold War Over?" in the New York Times, or Michael Mandelbaum's "Ending the Cold War," Foreign Affairs, Spring 1989.

4/ More modest, if positive, efforts are being attempted jointly by Soviet and American scholars to describe the process through which a new relationship might emerge. The most carefully developed of these Harvard University's, "Avoiding Nuclear War" project, has coined the rather awkward phrase, "sustainable peaceful competition", to describe the new era in East-West relations. Project leader, Graham Allison, explains the term "sustainable peaceful competition" as: "Competition recognizes real and continuing differences in values and interests. The modifier emphasizes the exclusion of the use or the threat of force...and the the objective basis for such a relationship must now be institutionalized to make it sustainable." New York Times February 19, 1989.

institutions, the prospects for a restructuring of global security should be put in historical perspective. For it may be that the closing decades of the this century will one day be viewed as a major turning point in world history.

The Alternative Models

15. Although there are many theoretical world order models, mankind actually has had experience with only three. The most prevalent appeared thousands of years ago. It may be characterized as "universal empire", systems that emerge when one civilization finally subjugates those around it. The Han, Mogul, Islamic and Roman empires are all examples of civilizations absorbing all others in their known world.⁵ In the contemporary world of nuclear technology, the imposition of a universal empire is inconceivable although, as so many local wars in the Third World illustrate, communal conflicts over dominant cultural, religious, or other basic values can not yet be successfully deterred.

16. The second model is the balance of power system, a creation of European civilization, that lasted from the Treaty of Westphalia in 1648 until the outbreak of World War I in 1914.⁶ During that period the prevailing international regime largely succeeded in preventing any state from unifying Europe and establishing an empire on the continent. This did not preclude, however, the imperial conquests of vast areas now comprising much of the developing world.

17. Sustaining the balance of power order were three elements: recognition of the rights of sovereignty; the creation of modern diplomatic institutions appropriate for serious bargaining among states; and, the adoption of warfare as an instrument of national policy, rather than as a means of establishing domination. War was just another means of ensuring the balance among the major powers was maintained. The system eventually collapsed when challenged by a unified and rapidly industrializing Germany. Germany's bid for dominance coincided with the democratization of European countries which spelled an end to the era when territory and other

5/ Robert Gilpin, War and Change in World Politics, (New York: Cambridge University Press, 1981), Chapter 5 "Hegemonic War and International Change."

6/ J. Morganthau, Politics Among Nations, (New York: Knopf, 1978), Part 4, "Limitations of National Power: Balance of Power;" and A.F.K. Organski, World Politics, (New York: Knopf, 1968), Chapter 13, "Balance of Power."

assets could be bargained away among royal households. Statesmen found their room to bargain increasingly circumscribed by domestic pressures. War, if it was to be undertaken, required the mobilization of industry and of the masses, as occurred in World War I.

18. The third model, which may be short lived, is today's bipolar system, which arose immediately after the total defeat of the surging imperialisms of German Nazism and Japanese militarism. At its heart, the bipolar order is more akin, in intent, to warring civilizations than it is another variation of the balance of power model. For forty years Communist ideology has been the lodestone of world politics. Denying Soviet foreign policy opportunities to advance these ideals, after all, has defined the vital security interests of the United States and structured the argument for its foreign policy, a fact no other nation could afford to ignore. The effect of the competition on the United Nations and its affiliated institutions has been, in varying degrees, to subvert their original purposes. Even those multilateral institutions in finance and development, to which the Soviet Union does not belong, have become unavoidably entangled in the Cold War struggle.

19. Nuclear weapons, however, have greatly inhibited the intensity of the ideological conflict; mutual deterrence, rather than domination by force, has been at the model's core. For the first time in history, war has not been an option for deciding the outcome in a struggle for global dominance. And now, after barely forty years of stalemate, this same bipolar order appears to be cracking under economic and political strains that are both internal and external to each alliance system. The limits of the bipolar order have been evident almost from its inception, e.g., Yugoslavia's defection from the Soviet bloc, or de Gaulle's assertion of French independence within the Western alliance. But, following the elevation of Mikhail Gorbachev as General Secretary of Soviet Communist Party, however, the decline of the Cold War took a more dramatic and fundamental turn.

20. The principal reason for the change in Soviet policy appears to be that East-West competition has become far too expensive at time when the new leadership seeks to restructure the country's economy, political institutions and foreign relations.⁷ Few in the West, however,

^{7/} See: Brzezinski, *op. cit.*, and Kennedy, The Rise and Fall of the Great Powers, (New York:Random House, 1987), see especially "The Soviet Union and Its Contradictions." pp 488-514; For background to the Gorbachev era see: The Domestic Context of Soviet Foreign Policy, Seweryn Bialer, ed., (Boulder Co.: Westview, 1981); and for insights into the current

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anticipated the scope and frankness of Gorbachev's recognition of the limits to Soviet influence in the Third World. Nor was it anticipated that he would make Soviet restraint and peace initiatives in the Third World a key element in a global political strategy to persuade the West to permit the Soviet Union greater access to international capital, technology and other essential ingredients for economic restructuring and development at home.⁸

Soviet 'New Thinking' About Regional Security

21. The statements and evident policy shifts toward the Third World emanating from the Soviet Union have already significantly altered the nature of the U.S.-Soviet rivalry and the opportunities for expanding the role of multilateral institutions. The most dramatic step in this direction occurred on the afternoon of February 8, 1988 when Radio Moscow broadcast a declaration by Gorbachev of his intention to withdraw all Soviet troops from Afghanistan.⁹ Gorbachev went on in the same statement to pledge his government's determination to "spare no effort" to resolve peacefully other regional conflicts--in the Middle East, Cambodia, Central America and southern Africa.

22. Since then, Soviet troop withdrawal from Afghanistan and various indications of political and diplomatic support for the nascent peace processes in Southeast Asia, Angola and Central America, suggest that the commitment to curtail foreign entanglements in regional conflicts is real.¹⁰ From Gorbachev's other writings, notably a lengthy article entitled "The Reality and Guarantees of a Secure World," and his widely quoted December 7, 1988 address to

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debate see: Philip D. Stewart and Margaret G. Herman, "The Soviet Debate over 'New Thinking' and 'Restructuring' of U.S.-Soviet Relations," forthcoming in the The Third Revolution in Soviet National Security Policy, George Hudson, ed.

8/ Sir Michael Howard, "Meeting New Challenges, The Gorbachev Challenge and the Defense of the West" in Survival, November/December 1988.

9/ Transcript of Radio Moscow broadcast of Gorbachev Statement on Afghanistan, FBIS-Sov-88025, 8 February 1988.

10/ Interviews by the author with Soviet foreign ministry and Party officials in Moscow during December 1988 and May 1989 visits strongly reinforce this impression, as have separate interviews with officials from several Asian, African and Latin American countries involved in regional conflicts.

the United Nations, a new picture of Soviet priorities in the Third World is beginning to emerge.¹¹

23. Back in the 1970's, Soviet unilateral actions in the Third World typically were defended on ideological grounds as part of the global class struggle against the evils of imperialism. They were also justified as the "right" of a superpower whose status of nuclear parity had recently been formally acknowledged in the SALT I agreement. Under Gorbachev the realities are seen quite differently. As one of his close advisers recently observed: "The experience of the the past two decades suggests that the more deeply we (the United States and the Soviet Union) get involved in regional conflicts, militarily particularly, the greater the damage to our international influence, reputation and prestige."¹² To quote Gorbachev again: "no one can guarantee the status quo, all peoples have sovereignty to choose the roads or forms of development, including the right of the social status quo."¹³

24. This 'live and let live' attitude appears to be a function of at least three basic concerns. The one already noted and that has received the most attention internationally, is the need to reduce the high financial cost of maintaining weak clients in the Third World. One of the more ironic twists in defense of these cut-backs is that the Western powers had inflamed regional conflicts in order to attract Soviet counter measures as part of a strategy to cause the "economic weakening of the Soviet Union, and forcing it to dissipate its resources in many directions."¹⁴

25. A second interest is not to complicate relations with the United States and the Western Allies. For many years the Soviets argued that what they did in the Third World was an

^{11/} M.S. Gorbachev, "The Realities and Guarantees of a Secure World," Pravda, 17 September 1987; also, Y.Primakov, "New Philosophy of foreign Policy," Pravda, 9 July 1987; and, "Studio 9," Program Views Regional Conflicts, presented by V. Zorin, with Y.M. Vorontsov, First Deputy Minister of Foreign Affairs, and K.N. Brutents, deputy Chief of the International Department of the CPSU Central Committee, 27 February 1988, FBIS-Sov-88-039. Gorbachev U.N. Speech, New York Times, December 8, 1988.

^{12/} Y. Primakov, interview with author, Moscow, February 16, 1988.

^{13/} M.S. Gorbachev, 17 September 1987, op.cit.

^{14/} V. Zhurkin, "Old and New Challenges to Security," Kommunist, No. 1, January 1988.

entirely separate matter from their relationship with the United States and part of the historical trend toward world socialism. Now they admit linkage is a political fact of life and do not want their actions in regional conflicts to undercut the current efforts to conclude new arms control, economic, scientific and other important agreements. The interventions in Angola and Ethiopia they now recognize hurt the SALT II negotiations, even before the Afghanistan invasion killed any chance of ratification. There is also a growing appreciation in Moscow that the image of 'adventurism' in the developing world once hurt their campaign against the deployment of intermediate range nuclear missiles in Europe and could in the future hurt prospects for raising foreign capital and securing other forms of economic, technical and political assistance from Western Europe and Japan. ¹⁵ By showing restraint and promoting peace processes Soviet analysts further suggest that this should facilitate the USSR's expanded cooperation with the international financial institutions including the World Bank.

26. Finally, an element in 'new thinking' about regional conflicts is the desire for more extensive economic relations with developing countries in order to earn more foreign exchange through trade and gain easier access to urgently needed technology, particularly from the newly industrializing countries of Southeast Asia. Indeed, this may have been a little noticed secondary objective behind the decisions to withdraw from Afghanistan and to encourage the Vietnamese to pull out of Cambodia. As Elizabeth Valkenier notes: "Soviet economic strategies today are a far cry from the original aim of weaning the Third World from capitalist markets. Moscow has come to accept the fact of worldwide economic interdependence, thus calling into question the utility of separate East-South deals and encouraging greater East-West-South cooperation."¹⁶

27. Soviet disengagement from regional conflicts is easier talked about than done. Issues of prestige, future credibility, and internal dissent of Soviet military and other hardliners who will accuse Gorbachev of 'losing' the hard won gains of the 1970's no doubt are all part of a

^{15/} George W. Breslauer, in a path-breaking analysis of high-ranking foreign affairs personnel in the Soviet government reveals that the regional specialists who have typically served as directors of bureaus dealing with Asia, Latin America, the Middle East and Africa have been replaced by experts on the United States. G.W. Breslauer, "All Gorbachev's Men" in The National Interest Summer 1988, pp. 91-100.

^{16/} Elizabeth Valkenier, "New Soviet Thinking About the Third World," World Policy Journal, Fall 1987, pp. 651-674.

complex political process. The Soviets also remain by far the major source of arms to the Third World, and most of these are bartered or sold for hard currency.¹⁷ Yet outlines for a strategy to "unblock" the resolution of regional conflicts are becoming clear.

28. Senior Gorbachev advisors say that the first element in the new policy toward regional conflicts should be to disentangle them from the Cold War zero-sum mind-set of U.S.- Soviet relations. Foreign Ministry officials, analysts at the International Department of the Central Committee and at the Academy of Sciences Institutes, eagerly talk about possibilities for resolving regional conflicts through joint or parallel U.S.-Soviet approaches.¹⁸

29. A second Soviet objective, that has been articulated with increasing authority in the unofficial private discussions and publicly, is to promote political, rather than military, solutions to regional conflicts that can peacefully accommodate the complex and volatile indigenous political, economic and/or cultural forces that are largely beyond the control of either superpower. The Soviet solution to the cultural diversity and conflict in the developing world is now to call for 'governments of national reconciliation.' Soviet officials readily acknowledge that the record of such coalitions, particularly when the conflicts have escalated to internationalized civil wars, is not good. But they appropriately note that if the combatants are deprived of the option to play off the two superpowers, as frequently occurred during the

^{17/} Sivard, *op.cit.*, p. 10.

^{18/} This theme began to emerge in unofficial meetings between U.S. and Soviet foreign policy analysts in early 1987. The most extensive and sustained discussions of how regional conflicts affect, and can be affected by U.S.-Soviet relations have occurred under the auspices of the Dartmouth Conference, a high level exchange of private views on the overall U.S.-Soviet relationship that was proposed by President Dwight Eisenhower and has been meeting annually since 1960. In September a small sub-group on southern Africa, chaired by Gleb Starachenko and John Stremlau, reached agreement on a very general scenario for a joint and/or parallel actions to be by the U.S. and the Soviet Union aimed at promoting an end of apartheid in southern Africa. Since then the Dartmouth Conference Task Force on Regional Conflicts has made significant progress in developing a cross-regional framework for clarifying relative U.S. and Soviet interests and the prospects for confidence building in the Middle East, Southwest Asia, Central America and Southern Africa, at February 1988 discussions in Moscow, another session the following December in New York, and a third round in May 1989 in Moscow. The Task Force is chaired by former U.S. Assistant Secretary of State Harold Saunders and the Head of the Soviet Academy of Sciences Institute of World Economics and Politics, Y. Primakov. Complete non-attributed records of the meetings of the Dartmouth Conference Regional Conflicts Task Force, that began in 1981 following the Soviet invasion of Afghanistan, can be obtained from Robert Lehman, The Kettering Foundation, 200 Commons Road, Dayton, Ohio 45459-2799.

height of the cold war, greater pressure in support of national reconciliation may bring results. Although it is too early to judge its operational significance, this seems to be very much part of the more pervasive shift away from a preference for chaos in the non-communist world to a quest for international stability.

30. The final element in the new policy line follows from the other two and places new emphasis on multilateral approaches for reducing conflict and promoting development in the Third World. This theme was central in Gorbachev's article "The Reality and Guarantees of a Secure World," and in numerous statements by his representative to the United Nations. Over the past year Moscow's re-discovery of the United Nations has become one of the most intriguing and potentially significant twists in Soviet foreign policy.

31. After many years of trying to exploit the North-South split at the United Nations, the tone and actions of Soviet representatives have turned non-confrontational. Suddenly, they have agreed to pay some \$200 million in arrears to the United Nations and their delegation is calling for a sweeping new "comprehensive system of international peace and security."¹⁹ As Edward Luck and Toby Trister Gati documented last year, in one of the first studies of shifts in Soviet policy at the United Nations, rhetoric has frequently outpaced actions and often new proposals have not replaced the old Soviet agenda but simply coexist with it.²⁰ Indications of growing Soviet interest in multilateralism are evident, however, in such diverse places as Afghanistan, Angola, Lebanon, the Persian Gulf, the GATT, the IAEA, UNESCO, the Common Fund for commodities, and the U.N. General Assembly.

32. Further evidence of the widening scope of Soviet thinking about the role that the U.N. should play in the 1990s appears in an April 1989 joint statement by the United Nations Association of the USA and the Soviet UN Association on "The UN's Role in Enhancing Peace and Security." The report is the first in series to be followed by others on international economic cooperation, the environment, humanitarian concerns, and other topics. Although still

^{19/} V. Petrovsky, Deputy Head of Delegation of the USSR to the United Nations, "Towards Comprehensive Security Through the Enhancement of the Role of the United Nations," aide-memoire, 22 September 1988.

^{20/} Edward C. Luck and Toby Trister Gati, "Gorbachev, the United Nations and U.S. Policy," The Washington Quarterly, Autumn 1988, pp. 19-35.

"unofficial" the joint UNA panel deserves attention as it is chaired on the U.S. side by Ambassador Richard Gardner and on the Soviet side by Vladimir Shustov, Chief of Research Coordination Department of the Ministry of Foreign Affairs and Ambassador Victor Issraelyan. The first report is particularly noteworthy for its emphasis on the need for strengthening the role of the Secretary General in "preventative diplomacy" to reduce the risk of conflict, rather than peacekeeping following the cessation of hostilities, and in linking such efforts to economic development and a more comprehensive view of security.

33. Given the domestic pressures on Soviet foreign exchange it is doubtful that they will soon become major players in UN economic bodies, even though they apparently want to become more fully integrated into the global economy.²¹ Between 1980 and 1986 their annual voluntary contributions to the U.N. specialized agencies nearly doubled to \$14 million, but that is only 3% of the U.S. total of \$468 million.²² They have become observers at the Asian Development Bank and Soviet officials express frustration that they have not been able to expand their involvement in that Bank, and that their inquiries about possible co-financing arrangements with the World Bank thus far have not received a positive response.

34. Although Soviet officials recognize that World Bank membership is a distant objective, subsequent to reaching an agreement with the International Monetary Fund, they are actively seeking opportunities to expand contacts with the Bretton Woods Institutions so as to "learn how the system works."²³ Such explorations include extensive visits to Poland and Hungary to inquire about how those nations deal with the Bank and Fund.

35. 'Interdependence' has become a new by-word in Gorbachev's foreign policy speeches; there has even been discovered a long forgotten quote of Lenin, who in 1899 wrote that it is good Marxism "that the common interests of mankind are higher than the class interests of the

^{21/} Abel Aganbegyan, "The Economics of Perestroika," *International Affairs*, Spring 1988, pp. 177-86; Nikolay Shmelev, "Problems of Funding Restructuring," *Moscow News*, 7 February 1988, FBIS Sov-88-030.

^{22/} Luck and Gati, *op.cit.* p.25.

^{23/} Interviews with Shmelev and Ivan Ivanov, April 1988.

proletariat."²⁴ Although the real meaning of the terminology is still very unclear, 'interdependence' evidently transcends the strategic concerns of the nuclear balance and includes natural resources, ecology, science and technology, and the plight of poor countries. All of these 'global issues' feature prominently in Gorbachev's writings about international affairs. His comments about conditions in Africa are indicative of the scope of this 'new thinking' about international security:

A world in which a whole continent can find itself on the brink of death from starvation and in which huge masses of people are suffering is not a safe world. Neither is a world safe in which a multitude of countries and peoples are stifling in a noose of debt.²⁵

36. How the above concerns with problems of international development relate to Gorbachev's avowed first priority, to end peacefully regional conflicts, is not yet known. Historically, Soviet development assistance has concentrated on helping those few nations who have allied themselves politically and militarily with Moscow.²⁶ Because most of these countries are directly or indirectly engaged in regional conflicts, there should be evidence soon of significant shifts in the levels and direction in Soviet development assistance. Perhaps a harbinger of change was Moscow's recent decision to join the multilateral donors group for humanitarian relief in Ethiopia and to commit to purchase 250,000 tons of Argentine grain for the campaign.

37. Until very recently, outside analysts have not had much access to Soviet thinking about the priorities and impact of their bi-lateral aid program. A forthcoming book for the Overseas Development Council on the prospects for joint U.S.-Soviet cooperation in Third World Development contains three lengthy segments authored by a team of seven Soviet economists

^{24/} Alexander Dallin, "Gorbachev's Foreign Policy and the 'New Political Thinking' in the Soviet Union," in Gorbachev's Reforms, Peter Juviler and Hiroshi Kimura, eds., (Hawthorne, NY; Aldine de Gruyter, 1988) p. 102.

^{25/} Gorbachev, September 17, 1987, op. cit.

^{26/} Abe S. Becker, "The Soviet Union and the Third World: the Economic Dimension," in The Soviet Union and the Third World, Andrei Korbonski and Francis Fukuyama, eds., (Ithaca, NY: Cornell, 1987), pp. 67-93.

from the Institute of World Economic and Politics. The Soviet essays are entitled: "The Strategy of Developments and Aid to Developing Countries," "Soviet Economic Aid: Quantitative and Qualitative Analysis," and "Aid in the Development of Education and Training of Personnel."²⁷ Not only do these chapters detail the kinds and direction of Soviet aid, but they explain and criticize past funding strategies. The jointly authored summary chapter by Elena Arefyeva and U.S. economist W. Donald Bowles includes a rather sweeping statement of the new collective wisdom: "Today, in effect, East and West views both acknowledge the important role that markets can play in development, the critical needs in agriculture, the stimulating effects of exports, and the importance of limiting the sphere of government activities."²⁸ Such language is, of course, consistent with the rhetoric and policy reforms that mark Gorbachev's domestic program.

U.S. Reaction to Soviet 'New Thinking' About Regional Security

38. U.S. attitudes toward recent Soviet pronouncements have been cautious. After all, the deep split in American political life still exists between those who instinctively view the Soviets as evil "power maximizers" bent on world domination and those who see their international behavior as another great power, a "mirror image" of the U.S.²⁹ The ratio of supporters for each point of view, however, appears to be rapidly changing. A national public opinion polling on this subject, done just prior to the 1988 U.S. presidential campaign by Daniel Yankelovich on behalf of the Public Agenda Foundation, indicates a broad based improvement in the public's attitude toward the Soviet Union. The shift, however, is tentative and the survey suggests that it will be sensitive to Soviet behavior in the developing world.³⁰

39. Below are a few of the more specific findings:

^{27/} R.M. Avakov, E.B. Arefyeva, E.A. Braginova, L.Z. Zevin, M.P. Strepetova, N.A. Usakova, and A.I. Chekhutov. The three essays will appear in a book to be published by the Overseas Development Council, Washington, D.C., tentatively titled "Prospects for US-USSR Joint Efforts in Development Assistance."

^{28/} Ibid. Chapter IV.

^{29/} Charles Wolf, Jr., "Extended Containment," in Beyond Containment, Aaron Wildavsky, ed., (Westlake Village, CA; ICS Press, 1983), pp. 147-68.

^{30/} U.S.-Soviet Relations in the Year 2010: Americans Look to the Future, Public Summit '88, A Report of the Public Agenda Foundation and the Center for Foreign Policy Development at Brown University. (New York: Public Agenda Foundation, 1988).

Asked how nuclear war might start, only 15% of Americans said they fear direct attack on the U.S. by the Soviet Union. Far more likely in the public mind is escalation of a Third World conflict, use of nuclear weapons by terrorists, or accident or miscalculation by one of the nuclear powers.

Asked where the U.S. might be drawn into war, Central America and the Middle East were named by well over half of Americans, whereas only 7% of Americans felt it was likely that war might start in Europe.

Asked to rate threats to the nation's security, drugs, terrorism and the trade deficit are judged to be more dangerous to the country's future than the spread of communism by the Soviets.

56% of Americans say that Japan poses a greater danger to the national security of the U.S. than does the U.S.S.R.

And on a more personal level, when asked to rate over 20 of the world's leaders, Gorbachev received ratings equal to Pope John Paul (65%); only Margaret Thatcher (69%) is ranked higher.

40. Of the two primary elements that define the U.S.-Soviet bipolar security order, the nuclear arms race and regional security issues, Soviet and American interventions in the Third World have become more salient indicators of changes in world dominance patterns than the status of arcane debates about nuclear force structures, including the more topical issues of 'star wars' and deep cuts. In Moscow, Soviet analysts are again calling for a "code of conduct" to set limits on superpower involvement in regions of the developing world, but the U.S. has shown little interest. Back in 1972 the two governments reached agreement on a list of "Basic Principles" that covered regional conflicts. It was appended to the SALT I treaty and, inter alia, committed each side not to seek unilateral advantage in regional conflicts. No effort was made to negotiate critical operational issues and almost before the ink was dry the two countries were busy charging unilateral advantage had been exploited by the other in the Middle-East and in Africa.

41. Reaching even tacit understandings about terms of acceptable and unacceptable regional involvement will require an infinitely more complex political process than concluding a strategic arms control agreement. Negotiating nuclear arms reduction, after all, is essentially a two player game, where assets can be counted and agreements verified. Regional conflicts, by definition, are multiplayer affairs where passions run deep and in response to often highly diverse mixes of profoundly different cultural and political values. And, of course, there are the deep divisions over the nature and importance of change in the developing world within the U.S. and increasingly within the Soviet policy making communities.

42. Publicly, the U.S. government's response to Gorbachev has been broadly positive, yet carefully hedged on the particulars of arms control or the prospect for U.S.-Soviet joint or parallel actions for reducing tensions in the Third World.³¹ Much less publicized have been the accelerating contacts between the two governments, notably the meetings at the level of assistant secretary of state to discuss regional conflicts. The December 22, 1988 Tripartite Agreement that was signed in New York by Angola, Cuba, and South Africa for implementing Namibian independence and Cuban withdrawal from Angola was facilitated by the U.S. and the Soviet Union. This super-power cooperation was not only of practical importance, but is seen as a symbolic milestone toward East-West cooperation because their 1970's competitive involvement on Angola played such a prominent role in the collapse of their last effort at detente.

43. If Soviet 'adventurism' continues to wane, and if Moscow shows a genuine interest in resolving regional conflicts by political means, then logically it might be assumed that the U.S. would become less wary to multilateral initiatives. But this may not follow, as the October 1988 refusal by the U.S. Senate to support an administration request for \$150 million for U.N. peacekeeping operations illustrates.³² Furthermore, the huge U.S. budget and trade deficits will severely constrain Washington from providing new funds for multilateral reconstruction and

^{31/} Two events during 1986-88 reinforced the normal skepticism among the western allies of any proposal emanating from Moscow: the dismay of the European NATO members over the unexpected near agreement for deep cuts in nuclear weapons at the October 11-12, 1986 Reykjavik Summit; and, the 1988 presidential campaign. Upon taking office, President George Bush launched a major policy review of U.S.-Soviet relations that produced a further note of caution; "status quo plus" was the public label given to report by, General Brent Scowcroft, the President's national security adviser.

^{32/} New York Times, October 23, 1988.

development programs. In the 1990s the U.S. will face the choice of either retreating into isolation or devising new formulas for sharing global leadership with the other major powers, Japan, Western Europe and the Soviet Union. This could, however, open important opportunities for multilateral institutions with the vision and energy to promote such collaboration.

Help from Japan?

44. Japan's emergence in the late 1980's as the key international economic player, with a trade surplus of \$80 billion, has aroused much speculation about Tokyo's global intentions. "Interdependence" has become the by-word of Japanese foreign policy and the focal point for an historic domestic debate about that nation's global responsibilities. Although the operational meaning of "interdependence" remains unclear, it suggests a growing appreciation among Japanese that they are entering a new era that will require them to be more open and generous in their international relationships. Furthermore, there appears to be a distinctive element in the Japanese view of "global interdependence" that emphasizes the growing importance of multilateral institutions, a convergence of strategic interests between Japan and the multilaterals that is unique, potent, and wide-ranging.

45. As Japan Scholar Marius Jansen notes, it is the only major power that can afford no enemies, is not fenced in by a pattern of armament and regional alliance, has the only major industrial plant that is quite free from reliance upon the provision of military equipment for itself and others, and is relatively unthreatened by its neighbors.³³ For over forty years policies of military and political restraint have co-mingled with aggressively competitive economic behavior.

46. Whether this policy mix is sustainable or serves Japan's long range interests is the core issue in the national debate that has been brewing and that is likely to accelerate as the political system struggles to overcome the current recent bribery scandal. How the Japanese eventually decide to order their international economic and security priorities to strengthen their domestic political institutions to ensure that the latent hostility of its neighbors remains in check, and to

^{33/} Marius B. Jansen, Japan and It's World, (Princeton, New Jersey: Princeton University Press, 1980) p. 113.

secure access to vital markets and resources around the world continues, will have a major impact on the prospects for global stability and prosperity. There is also the potential for important and creative interdependencies to develop between Japan, the UN, the IMF, and the World Bank.

47. By channeling significant amounts of its huge surplus through multilateral institutions, Tokyo also acquires the much needed technical capacity that it currently lacks to ensure that the funds are well spent in the developing world. More importantly, partnership with the World Bank should please those Japanese voters who worry about their country's isolation internationally. It should also enhance Japan's prestige in the developing world, strengthen its standing with its OECD partners, and not displease the Soviets. The Bank, meanwhile, gains a major partner that is independent, though certainly not equidistant, from the two superpowers and one that is also free of any capacity to dominate its neighbors militarily.

48. Recent actions by the Japanese government are encouraging. Explaining his government's announcement last June to earmark \$50 billion to be spent from 1988 to 1992 on overseas development assistance, double its current rate, Prime Minister Takeshita stressed Japan's interest in promoting regional security and development. Speaking to a group in Chicago on June 22, 1988, he outlined his "International Cooperation Initiative" comprising three pillars: contributions to peace, international cultural exchange, and development. In particular, he noted that: his government was about to fund, for the first time, peace-keeping operations in the Middle-East; was about to participate in an international civilian observer team in Afghanistan, where financial assistance would also be rendered; and, would "...actively provide economic assistance for refugee relief and, with the ending of regional conflicts, give reconstruction assistance."³⁴

49. On October 6, 1988 the Japanese Ministry of Foreign Affairs released the report on Japan's official development assistance (ODA) for fiscal year 1988 which reached \$7.454 billion, a 32% increase in Yen terms.³⁵ In 1989 Japan surpassed the U.S. to become the world's largest donor of ODA. Already Japan's share in the total flow of funds from industrialized nations to

³⁴/ Press Release, Consulate General of Japan, New York, June 23, 1988.

³⁵/ Japan's ODA 1988, Overview, Ministry of Foreign Affairs of Japan, provisional translations, December 1988, unpublished.

developing countries (ODA plus other government and private sector funds) amounts to 24.3%, some \$20.46 billion, the highest in the world. Traditionally, Japan's ODA has been concentrated in Asia but increasing attention is being given to aiding the least developed countries, particularly in Africa. At the same time the Japanese government also declared its intention to provide aid that is much less restricted and that will be geared to promoting "peace and stability of the international community, and the reduction of poverty in developing countries." In recent years that has been a significant increase in "strategic aid for countries bordering on areas of conflict," such as Pakistan, Turkey, Egypt and Jamaica. Although primarily a response to U.S. calls for Japanese burden sharing of the cost of maintaining global security, this "strategic aid" also reflects widening Japanese interests in peace building and peace keeping. Tokyo's support for expanding U.N. efforts to promote regional security in South Asia and in backing greater activism by multilateral institutions in the 1990s.

Europe's New Potential

50. If Japan's ascending world market power and economic surpluses create new opportunities for multilateral institutions, so too will Europe's emergence as a collective force in world affairs. When the unified internal market agreements go into effect in 1992 the community of twelve western powers will encompass some 320 million people and have a gross regional product bigger than that of the U.S. and Japan. Moreover, how an integrating democratic Western Europe interacts with the forces for change in Central and Eastern Europe could become the critical element in a successful transition from a bi-polar to a multi-polar system of global security.

51. The issue that lies at the heart of current European politics and the future of East-West relations is not whether the world's two great alliance systems will endure, but whether and how their respective rates of dissolution can be kept sufficiently close to avoid a military confrontation and any risk of nuclear war. How the multilateral financial institutions decide to respond to the forces for economic reform in Eastern Europe could be as important to the advancement of world order as their support for West European reconstruction and development forty years ago.

52. Already, the role of the IMF and the World Bank in facilitating economic reform in Poland and Hungary has been described by U.S. officials as a principal currency of East-West

relations, as important as strategic arms reduction talks as a measure of change U.S.-Soviet relationship. This political reality will no doubt cause discomfort for the IMF and the World Bank, yet to ignore it could prove to be more dangerous than prudent.

53. Eastern European economic reformers, after all, are devising policies never before attempted; reliable guidelines for dismantling centrally planned economies do not exist and such experimentation must be carried out with the support of highly politicized publics who have been antagonized by past failures and with the tolerance of a powerful neighbor whose own government might fall should its hegemonic role in the region appear threatened. Active support by the International Financial Institutions in the reform process can provide local policy makers more options, resources, and authority -- economic and political -- for balancing interests and building consensus. As a recent report by the Institute for East-West Security Studies concludes: support by the international financial institutions for policy reforms, structural adjustment, trade expansion, technical cooperation and other joint ventures with the West, will be much more effective if they are designed and executed within a long range strategic framework that encompasses all of the European region, including the Soviet Union. ³⁶

54. If the international financial institutions are able to play a vital role in the successful economic restructuring of Eastern Europe countries and thereby help to advance East-West cooperation this could reduce the risk that European donors will become so preoccupied with their own regional concerns that they will neglect the needs of developing countries.³⁷ The international financial institutions can also help manage any problems that could emerge should expanding exports from CMEA countries be granted preference over products from developing countries or otherwise disrupt their markets.

^{36/} Gevasina Bissolino, Laszlo Lang, Paul McCarthy and Katarzyna Zukowska, "Toward A New East-West Security Relationship: the Economic Agenda," conference paper, Seventh Annual Conference, Institute for East-West Security Studies, Potsdam, German Democratic Republic, June 9-11, 1988.

^{37/} A rather dramatic indication of this new interest in helping finance economic activity in the Soviet Union was the report that over the ten days beginning October 10, 1988, commercial banks in Western Europe and Japan pledged a total of \$9 billion in loans to Moscow's Bank for Foreign Economic Affairs, \$1 billion more than the total new lending to the Soviet Union during the three years ending December 31, 1987. New York Times, October 20, 1988.

55. Between now and 1992 there will be much international debate over whether Europe's intense preoccupation with internal matters signals a new form of isolationism, a "fortress Europe" as some U.S. and Japanese trade analysts fear. For most Europeans, however, 1992 appears to symbolize the realization of a dream, a positive turning point for greater international cooperation, not isolation. The Community, should be more strongly positioned to bring Eastern European countries gradually into the world economy, to the benefit of global economic growth and not at the expense of developing countries. Such positive developments could greatly ease the transition to a more broadly balanced post bi-polar order and the eventual enhancement of the effectiveness of multilateral institutions that give such cooperation operational meaning.

The Growing Importance of Regional Coalitions

56. A less dramatic indicator of the trend in restructuring the bipolar security order is the gradual strengthening of incipient regional security arrangements around the Third World. If successful, these could become important mechanisms for moderating regional tensions, brokering the peaceful resolution of conflicts, and mobilizing international opinion for or against the involvement of external powers in regional affairs. Despite the rather checkered history of regional and sub-regional organizations in Africa, Asia, the Near East and Latin America, their role could rise with the passing of the Cold War.³⁸ Under the right conditions they conceivably could become the key structures of a new multipolar security order.

57. Ironically, the least effective are the three pan-regional organizations have been in existence for decades: the Organization of American States, established in 1948 now has 28 members; the Organization of African Unity, established in 1963 now has 50 members; and, the Arab League, established in 1945 has 22 members. All three share in common their large size and similar charters, which focus primarily on political cooperation and economic and social development, but also provide for collaboration in security matters. All three also have failed to meet even the most minimum expectations of their founders and are regarded as little more than a convenient forum for leaders to exchange views and issue broad statements on the few

^{38/} Examples of earlier scholarship on the prospects for regionalism can be found in: Regional Politics and World Order, Richard A. Falk and Saul H. Mendlovitz, eds., (San Francisco: W.H. Freeman, 1973).

problems which they are typically powerless to solve but about which there is a high degree of consensus.

58. Much more interesting, and of potential local and cumulative significance, are the sub-regional organizations. The best example so far is the Association of Southeast Asian Nations (ASEAN). Other more recent creations which also hold considerable promise include: the Southern Africa Development Co-ordination Conference (SADCC) and its more openly security conscious but less institutionalized Organization of Front-line States; the Gulf

Each derives its cohesiveness from a vital and immediate security concern: Vietnam, South Africa, Iran, and the Central American crisis.

59. Their primary objectives in each case are to contain a more powerful adversary, defend traditional principles of territorial integrity and sovereign equality, and resolve outstanding disputes peacefully. As security organizations they remain less involved with military matters--none is a military alliance--and concentrate more on political activity. Gradually, they are exhibiting growing cohesiveness and their voices are acquiring international authority. In the process, their substantive agendas are also being extended into areas of trade policy, human resource development, environmental management and other concerns.

60. Other subregional coalitions are emerging which are less preoccupied with an urgent and overriding security problem, notably: the Andean Pact, the Organization of Caribbean States, the Economic Community of West African States, the Maghreb group in North Africa, and the fledgling South Asia Regional Council.

61. Historically, there has rarely, if ever, been a successful regional organization -- including the European Economic Community and the Nordic Council -- whose members did not come together and then stay together for reasons of collective security. For without an overriding political justification to cooperate, most economic groupings seem unable to find the right mix of shared costs and benefits to continue. This may change, however, as issues of economic vulnerability, environmental, risks, or access to science and technology, come to be viewed by political leaders as essentially matters of national and regional security.

62. Policies of these sub-regional organizations toward the U.S. and the Soviet Union will continue to be, carefully balanced, although not usually symmetrical.⁴⁰ Individual members may have special relations with one or the other, and in the African case the former colonial powers maintain close bi-lateral ties. But a key mission of the coalitions is to moderate super power involvement in the region and to create political disincentives for unwelcome intervention. Before Gorbachev, the Soviets tended to view these coalitions with suspicion, typically dismissing them as mere extensions of Western influence. Recently, however, Moscow's attitude toward these coalitions has become increasingly positive; the change with regard to ASEAN is especially notable.⁴¹ Washington has a history of strained relations with the Contadora Group although recent changes in U.S. policy toward the crisis in Central America may ease tensions. Toward the other coalitions U.S. policy has been generally supportive.

63. With the ebbing of Cold War perhaps we will again hear the theme that Moscow and Washington briefly espoused during their last effort at detente: 'regional solutions for regional problems.' In the closing sections below it will be suggested that the chances of greater and more enduring success this time will be greatly enhanced if local security and economic interests can be effectively aggregated and if friendly external actors, notably the large multilateral institutions, are prepared to help.

Alternatives to Bipolarity

64. Gorbachev and his advisers, for all their innovative thinking, and overtures to the west have not articulated an alternative to bi-polarity. Their global vision, although heavily clouded by domestic concerns, presumably still looks forward to the achievement of economic, political, and cultural parity with the U.S. as the next big step toward the ultimate achievement of world socialism. Most other nations no doubt would prefer a multipolar alternative to either Soviet domination or a continuation of the bi-polar system, however benign.

39/ Leslie H. Brown, "Regional Collaboration in Resolving Third World Conflicts," Survival, Vol. XXVIII, No. 3, May/June 1986, pp. 208-20.

40/ Mohammed Ayoub, "Regional Security and the Third World," in Regional Security in the Third World, Mohammed Ayoub, ed., (Boulder, CO.: Westview, 1986), pp. 3-32.

65. Although the final section of this essay suggests that the major multilateral institutions could play a role in facilitating an evolution to a multi-polar order that is responsive to the needs of developing countries, history does not, as noted earlier, offer much of a guide. Empires are clearly out of fashion, but the balance of power model, on the other hand, still enjoys a number of admirers and perhaps deserves a second look.

66. It may be recalled that three elements were essential in European balance of power order that prevailed during most of the 18th and 19th centuries: respect for the rights of sovereignty, which gave the main actors a level playing field; diplomatic institutions to facilitate mediation, bargaining and regular communication; and, limited war as an instrument of national policy to right occasional imbalances.

67. Traditional rights of sovereignty and diplomatic practice still exist, but they are becoming vestiges of an era when communications were slow, there were few potent non-state actors beyond the Church, and publics were less highly politicized and mobile. When modern wars have been attempted as instruments of national policy for political objectives, notably the U.S. in Vietnam and the Soviet invasion of Afghanistan, they have been typically counterproductive. The goals of local antagonists engaged in civil and regional conflicts, on the other hand, tend to be much more ambitious but also rarely realized. Rather than serving as an instrument of adjustment to stabilize a regional or international regime, modern warfare reflects the clash of communal values according to race, language, religion, or custom. That so few of these wars have ended with one side totally subjugating the other is more a tribute to external pressures and the nature of modern conventional warfare than policies of restraint by the actual combatants. The horrible costs of the seven year war between Iran and Iraq is a notably depressing example.

68. When western international security analysts look at the classical European balance of power model they fail to interpret its contemporary relevance in terms of what it actually was: a regional not a global security order. It emerged out of the exhaustion of intra-regional strife, perhaps analogous to the weariness that has appeared among combatants in several contemporary regional conflicts. Within this more limited framework, perhaps a new period of creative regional diplomacy will be possible.

69. When the first balance of power order took hold, the major powers of Europe could stabilize their region while accumulating empires with relative ease. The highly pluralistic world of the late 20th century is unlikely to come under the sway of another powerful regional coalition. Regional balances, if they are to be stable and prosperous, will have to find ways of adjusting not only to internal changes but also to the external dynamics of an economically and technologically volatile global system. Perhaps under such circumstances in the 1990s the U.N. and the Bretton Woods institutions could function as the "balancers" to achieve the "positive-sum" outcomes within and among regional coalitions, hereby providing the basis for a new multi-polar order?

70. In this spirit, the next section of this essay briefly sketches several roles that multilateral institutions, and particularly the international financial institutions, might perform. They are proposed with two objectives in mind: to enhance the security of developing countries as the necessary precondition for sustained development; and, to strengthen the capacity and the legitimacy of the multilaterals to play a more active role in shaping the vision and success of a post bipolar world security order.

III. PROMOTING SECURITY FOR DEVELOPMENT

71. Four broad opportunities are opening for multilateral finance and development institutions to help ease the transition to a new post bipolar global security regime that would benefit developing countries:

- (i) Preparation of "watching briefs" on regional and civil conflicts to aid long-range planning and prepare for the expeditious introduction of financial and other forms of assistance as a complement to peacekeeping and peace-building processes, at the earliest practical moment.
- (ii) Support of sub-regional and regional groups of countries in their experiments to promote greater mutual security through cooperation in trade, environmental management, communications, education and various other economically significant linkages.

- (iii) The orderly and constructive integration of the Soviet Union and other CMEA nations into the world economy by co-financing of projects, and other joint activities, particularly in those regions where conflicts are being resolved, such as southern Africa and Southeast Asia, where they already have a large presence. As a prior step, if the Bretton Woods institutions were to open channels so as to acquire accurate data from the Soviets and East Europeans on their loans and other economic transactions in advance of reconstruction efforts this could strengthen their program planning and analysis and offer modest opportunities to develop practical ties with the Eastern bloc.
- (iv) Design long range approaches for supporting and sustaining more effective developing country participation in the new international regimes that will be required to alleviate and overcome future global security threats, especially such environmental concerns as the degradation of the world's vital atmospheric, Marine tropical, water, and biological resources.

Peace, Reconciliation, and Reconstruction

72. In an address to a conference on the future of the World Bank, held in Washington in 1986, former German Chancellor Helmut Schmidt called upon the Bank to take the leadership in the reconstruction of war-torn Central America.⁴² Given the complex local and international politics of that crisis, it seemed a bold suggestion. Yet, in light of the IBRD's initial mission in rebuilding Europe, it can not be deemed a novel one. The multilateral development banks could, if they chose, play such a role in several troubled regions of the developing world, particularly if, as Schmidt maintained, the Japanese and Europeans would give their political and economic support. Designing and carrying out such missions would, of course, require the cooperation of the United Nations, the appropriate regional coalitions such as SADCC or ASEAN, and ad hoc inter-governmental groups such as Contadora.

73. The key to such initiatives is "ripeness." As an analytic tool, the term can be used to explain why some conflicts result in peace through compromise while others just lead to more

^{41/} For background see: Donald S. Zagoria, "Soviet-American Rivalry in Asia," in Korbonski and Fukuyama, op. cit. pp. 247-72; Gorbachev set a new tone of hope for improved relations with his July 28, 1986 Vladivostok speech on Soviet policy toward Asia.

violence and destruction. It also focuses attention, not on the actual negotiations, but on conditions away from the bargaining table that can reshape perceptions in a manner that generates room for possible agreement.⁴³

74. For multilateral financial institutions to pay closer attention to the dynamics of particular regional conflicts, to discern their 'ripeness' for settlement, could serve two purposes. Staff would be better prepared to assist reconstruction once peace had been achieved. Secondly, and of importance to the pre-reconstruction peace processes, staff would be better able to convey in a timely and politically helpful fashion various prospective 'incentives' or 'rewards' for achieving a peaceful settlement. In this way they might actually contribute to 'ripening' the situation for peaceful compromise.

75. The current thaw in U.S.-Soviet relations, offers an historic opportunity for multilateral development institutions to expand informal contacts with all interested external powers about the need and feasibility of programs that would effectively meet the economics and security needs of particular countries. Already, the two superpowers have successfully cooperated in bringing about the withdrawal of foreign troops from Angola and an agreement to grant independence to Namibia. Similar joint and parallel efforts appear likely in Indo-China and the Horn of Africa.⁴⁴ Mozambique is an obvious candidate where the security situation is creating terrible distortions in development planning and foreign assistance where both the U.S. and the Soviets have good relations. In no region are East-West tensions rising, even in the most vital and increasingly volatile region of all, Eastern Europe.

76. Closer attention to the early stages of peace building in regions of conflict by the international financial institutions could prepare them to play a timely and more effective role throughout the process of reconstruction, reconciliation and re-integration. By showing sensitivity to latent ethnic, religious, or other tensions that might have sparked or exacerbated the original conflict the multilateral donors can help to ensure that this process is consolidated

^{42/} Helmut Schmidt, "The International Debt Crisis: A European View," in the Future of the World Bank, Report of the Conference presented by the Overseas Development Council, June 23-24, 1986, Washington, D.C.

^{43/} Richard N. Haas, "Ripeness and the Settlement of International Disputes," Survival, Vol. XXX, No. 3, May/June 1988, pp. 232-51.

and irreversible. In such circumstances the justification for rebuilding of infrastructure, safe sewerage facilities and modern communications networks should be assessed not only in terms of economic criteria but also according to whether such projects will have such positive effects as facilitating the return of refugees.

77. A 'national integration impact statement' could be salient for programs in Afghanistan, Chad, Mozambique, Angola, Cambodia, Ethiopia, El Salvador and numerous other highly fragile war ravaged societies. Inevitably there will be circumstances where it is unrealistic, even dangerous, for a multilateral donor, in effect, to gather intelligence about problems of national integration, the resurgence of traditional inter-state conflicts, and the risks of escalation. International financial institutions are, however, already affecting internal and regional political and social forces whenever they undertake policy-based lending. Assessing the 'social impact' of adjustment programs in Ghana, for example, obviously raises different issues than in Angola or Cambodia, but the principal is correct and the international climate for developing such approaches seems to be improving.

Strengthening Regional Security

78. At a later stage in the process of building regional order within a multipolar system, another function for multilateral finance and development organizations might be to contribute to the "balancing" process within and among regional coalitions. If viable regional security coalitions are to develop, new positive-sum bargains will have to be devised. The leading multilateral institutions could play a constructive role in alleviating key disparities within evolving regional coalitions and offering other timely incentives so that the distribution costs and benefits of greater policy coordination among members could be more equitably shared.

79. The lead multilateral institutions, notably the World Bank, might also eventually provide financial, technical and analytic assistance to facilitate greater practical cooperation among regional coalitions that seek to solve common and shared problems of environmental natural and human resource development. Through this process incentives might also be found to discourage the erection of trade protectionist or other barriers that could destabilize inter-coalition relations.

80. Constitutional obstacles may preclude support by the lead global financial institutions for regional and sub-regional inter-governmental security and economic organizations. But, growing opportunities to promote collective security arrangements as the basis for regional cooperation and development in a post-bipolar world may justify such explorations. New arrangements might be considered to strengthen cooperation with the regional development banks in this regard.

81. Among the existing regional or sub-regional security organizations, the Association of Southeast Asian Nations (ASEAN), as already noted, is the most successful. Propelled by concern over the U.S. withdrawal from Vietnam in 1975, ASEAN's political cooperation has not been matched by comparable economic cooperation, which has been quite modest. Members do contend, however, that coordination in national security and foreign policies has been instrumental in creating conditions conducive to the tremendous economic growth and development of its members.⁴⁵ This spirit now seems to be spreading in the direction of formulating ASEAN positions toward the current round of negotiations for the General Agreement on Tariffs and Trade (GATT). In the event of a Vietnamese withdrawal from Cambodia, and a resumption of substantial multilateral development assistance for the reconstruction of Indo-China, it might be useful to establish regular communication with the ASEAN secretariat as part of a long-term approach to promoting a peaceful and productive regional political economy.

82. The situation among the front-line states in southern Africa is radically different. All of the members of the SADCC have small vulnerable economies, and several are in shambles. In an alarming, but not unreasonable, analysis of the costs of the South African destabilization campaign against SADCC countries, Reginald Green estimates that direct war damage, extra defense spending, and several other items, including lost economic growth, add up to nearly \$28

^{44/} In May 1988 the author prepared a memorandum at the invitation of Soviet Central Committee Member, Yuri Arbatov, on ways that the U.S. and the Soviet Union might work in joint and parallel fashion to promote peace and national reconciliation on the Horn of Africa. Discussions then and since suggest that, for all the pain and bitterness in that war ravaged region, it could be the next major theater for East-West cooperation and one where the multilateral development banks could play a critical supporting role to a very difficult and complex peace process.

billion for the period 1980-1986.⁴⁶ Much assistance has flowed to these countries over the past decade but not nearly enough to ease the terrible deprivation, much less rebuild and extend the basic infrastructure and communications network that will be essential for regional security and development.

83. An obvious impediment to concerted multilateral assistance has been the opposing involvement of the U.S. and Soviets in Angola. The recent progress in removing foreign troops from that country has opened the way for a resumption of IMF and World Bank activities in Angola later this year. Southern Africa, after all, is the one conflict-ridden region of the developing world where the U.S.-Soviet interests converge, to the extent that both see apartheid in South Africa as the root problem and would gain from its abolition. This fact, and the political momentum of their recent shared diplomatic success suggest that this region offers a prime opportunity to experiment with a major multilateral effort to promote regional security and development. Priorities need to be established, and in cooperation with SADCC and its member governments. Mozambique would appear to be a logical candidate, particularly in light of its recent successes in attracting military assistance from Great Britain and the attention that the UN donor group recently gave to the need to address security and development concerns simultaneously.

84. A third region of enormous potential for attempting to promote regional security through the funding of mutually beneficial functional cooperative programs, is South Asia. The fledgling South Asian Regional Conference has been nearly stillborn as a result of the ethnic conflict in Sri Lanka and the endless tensions between Pakistan and India. Yet when the organization was created it quickly adopted an agenda of issues, such as improvement of the management of shared water resources, joint agricultural programs and environmental improvements, that echo the development agendas of most large donors. South Asia surely will be vital to any future global security order. For external multilateral development agencies to seek a long term role at the nexus of regional security and mutually beneficial functional cooperation, seems logical.

45/ Since 1982 the Institute of Southeast Asian Studies in Singapore has sponsored a regional Strategic Studies Program directed by and involving interdisciplinary teams of scholars from all of the ASEAN member countries. Six volumes on different aspects of the ASEAN experience have been published and distributed world wide by the Institute, whose headquarters are Heng Mui Keng Terrace, Pasir Panjang, Singapore.

85. And in the Western Hemisphere, the Central American Presidents declared last August: "We have our own approaches to peace and development, but we need help in making them a reality." The Special Plan of Economic Co-Operation for Central America, released by the United Nations on April 11, 1988, outlines a strategy that is responsive primarily to the needs and aspirations of the regional security coalition.⁴⁷ In light of the groups further progress earlier this year, and the change of U.S. policy, perhaps the challenge Helmut Schmidt raised nearly three years ago can soon be taken.

Anticipating Global Security Requirements in the 21st Century

86. This essay has concentrated on the early stages of a possible major restructuring of the global security order, beginning with more concerted multi-lateral efforts to promote regional security among developing countries. Taking a longer-term and broader view of the challenges that will strain international relations, there will be a need for new multilateral regimes capable of reducing dangers to global and regional atmospheric and water resources, helping nations adapt to rapid and radical technological change, dealing fairly and effectively with world health problems, and coping with other issues. These will be essentially political undertakings, although with important economic and technical dimensions. Developing countries will have major stakes in these regimes but relatively little leverage for protecting them. Without such empowerment, the regimes will lack legitimacy and the problems will go unsolved. The role of multilateral institutions in this process obviously will be critical.

87. Even when the Northern countries are prepared, indeed eager, for developing country participation in new international conventions two very practical impediments typically arise. The first is the lack of technically knowledgeable, politically influential, experienced international negotiators to authoritatively represent most developing countries. Lacking the indigenous capacity to extensively analyze the increasingly complex technical issues inherent to most multilateral arrangements, these governments are unlikely to have the vision and confidence to conclude major new north-south agreements.

46/ Reginald Green, "Cutting Off the Flowers: the Macro-economic and Human Cost of War to Southern Africa," unpublished monograph, November 1986; and, *Killing the Dream: the Political and Human Economy of War in Sub-Saharan Africa*, Institute of Development Studies, Discussion Paper 238, November 1987.

88. These politically significant technical impediments have arisen often in forums such as GATT, in environmental negotiations, and when communication, intellectual property, and other technically complex conventions are undertaken. It is bound to get much worse as the international economic and security agenda lengthens and as the need to strengthen existing international regimes, and to create others, intensifies. New cohorts of men and women will have to be trained not only in the appropriate substantive areas, but also in negotiating techniques and in culturally relevant policy research and analysis.⁴⁸ And once the negotiations for creating or reforming an international regime have been concluded, indigenous capabilities in developing countries to manage their end, and to verify adherence by others, have to be in place.

89. A recent call for "future oriented intelligence units" at the very top levels of government speaks very much to this point.⁴⁹ Interest among heads of government in acquiring this badly needed analytic capacity is growing; political self-interest and national security require it. A question is whether the Bank and other multilateral institutions could come up with a special high level human resource development strategy targeted to meeting these needs.

90. The second impediment is more obvious: money. Professor Richard Gardner, the distinguished international lawyer, recently called for "practical internationalism" to build new and urgently needed regimes of functional cooperation to deal with five priority global issues: nuclear proliferation; narcotics control; the spread of AIDS; environmental problems; and

^{47/} Guillermo Fernandez de Soto, Emma Torres, Juan Alberto Fuentes, Gabriel Siri and Hector Dada, "Special Plan of Economic Co-operation for Central America," unofficial translation, preliminary version, 11 April 1988.

^{48/} This task has been undertaken with considerable success, albeit on a small scale, by the Centre for Applied Studies in International Negotiations, 11a, Avenue de la Paix, 1202 Geneva. Programs for training developing country negotiators covers many issues. An April 6, 1989 letter from the director, Jean F. Freymond is indicative: "Finally as regard Africa, we have organized a workshop to contribute to the training of African mediators directly involved in trying to identify solutions to one of the conflicts in southern Africa. It has once more confirmed that training nationals to solve their own conflicts is finally more important than offering good offices."

population growth.⁵⁰ This appeal was, appropriately, directed toward an American audience--specifically a new Administration in Washington. Promoting the U.S. national interest through multilateral diplomacy and international cooperation is a good cause, particularly after President Ronald Reagan's unilateralist tendencies. Yet it is unrealistic to expect U.S. leadership on these several fronts, even allowing for the U.S. special interests in this particular list. The legitimacy and political consensus that are essential for such regimes will have to be created incrementally, from 'the bottom up', and probably with then infusion of sufficient new external resources to structure the complex positive sum games involving all of the parties to the agreement.

91. The difficulties in developing a broad base of support for international regimes has been neatly illustrated by Harvard economist Richard Cooper, in a little noticed 1986 monograph for the Brookings Institution "International Cooperation in Public Health as a Prologue to Macroeconomic Cooperation."⁵¹ Intrigued by how long and difficult was the task of achieving better coordination of macro-economic policies among a relatively small set of industrial democracies, Cooper decided to analyze the history of international cooperation in public health where highly successful regimes exist. These regimes might well be described as "strategic" for the number of lives saved.

92. What Cooper re-discovered was that it actually took nearly a century, from the time that scientists had identified the causes of such non-controversial threats as cholera and yellow fever, to negotiate and implement programs for their eradication. Just getting international consensus in practical knowledge, along with shared objectives, took decades. This necessary condition for international cooperation has not yet been achieved in macro-economic analysis, or in environmental science, population science, and the other priorities on Gardner's list. Perhaps an effective treaty to ban the further use of ozone damaging Chloroflura carbons will signal an awareness of the urgency to forge consensus as the need and scope of new environmental regimes.

49/ F.R. Sagasti, "National Development Planning in Turbulent Times: New Approaches and Criteria for Institutional Design," World Development, Vol. 16, No. 4, April 1988 pp. 431-448.

50/ Richard N. Gardner, "Practical Internationalism," Foreign Affairs, Vol. 66, NO. 4, April 1988, pp. 827-45.

93. The real impediment to reaching the international health accords, however, had to do with the conflicting views over the relationship between alternative remedies and outcomes. In the case of cholera, those who accepted the prescription of ambitious and expensive programs in public health, not coincidental, were the more economically advanced countries that could afford the cure. Poor countries insisted on the less expensive, and ineffective, policy of quarantine. Getting the costs for all down to an acceptable level, along with universal acceptance of the certainty of the benefits, required another fifty years of international negotiations.

94. By the time smallpox was eradicated, a practical achievement that some scientists contend rivals the splitting of the atom as the most outstanding scientific achievement of the 20th century, the World Health Organization was in place to administer the campaign. Furthermore, the Soviet Union and the United States agreed in the mid-1960s to cooperate on the development and provision of the vaccine, a singular event that, in retrospect, appears as a harbinger of detente. This case history is worth pondering as scientists and policy makers meet to consider how the international community might deal with the growing threat of the so-called greenhouse effect, the Aids pandemic, or the more highly political issue of Palestinian membership in the World Health Organization. A greater wil'ingness of the Soviet Union and the U.S. to work together in solving such issues could greatly benefit developing countries.

95. Somehow, short-cuts to building viable international regimes will have to be discovered. Leadership by multilateral development institutions in this process is at least conceivable. While they presumably would wish to defer to the appropriate specialized agencies, such as the United Nations Environment Program or the World Health Organization, on particular issues, there is the common problem of finance and the need for a more strategic approach to problem solving by all multilateral institutions. Mobilizing international capital, helping to arrange debt reduction for environmental conservation or converting debt into endowments for policy relevant training and research, use of blocked currencies, and other non-traditional mechanisms for engaging the necessary participation of the developing countries in these regimes, could open critical bottle-necks for the specialized agencies. Moreover, the multilateral development institutions would bring a fresh practical perspective to some of the tougher international economic/security problems that lie ahead. Greater inter-agency cooperation, including a more synergistic division of labor, might result.

Engaging the Soviet Union

96. It is ironic that so much of this essay has focused on Soviet policy, a government that does not even belong to key multilateral economic institutions while largely ignoring the United States, the principal architect and largest contributor to these institutions. But the Soviet Union is today providing the impetus for a re-ordering of the bipolar global security system, perhaps opening the way for creative multilateralism. If the process continues, including major reforms within the Soviet bloc, international debate is bound to intensify over whether the Soviet Union should strive for membership in the GATT, IMF, and World Bank and, if it wishes, be granted admission.⁵²

97. This subject was recently addressed in a joint study by four senior fellows in international economic policy at the Institute for East West Security Studies in New York. The team, with members from Poland, Hungary, Italy and the U.S., declared:

In our understanding, there is primarily a strategic political rationale for both the Soviet Union and the West to seek Soviet rapprochement with these organizations. This strategic rationale is to use the inherent potential of these arrangements and organizations for cooperative conflict management on a wide range of issues and to involve the Soviet Union in multilateral designs aimed to improve the international economic setting. Step-by-step Soviet accession would be a learning process for both sides.⁵³

The authors further conclude that:

...full-fledged Soviet membership in the various international organizations is not and cannot be on the agenda of the moment. Launching a process of mutual fact-finding, identifying the conditions of incremental accession and the range of tradeoffs is,

^{51/} Richard N. Cooper, International Cooperation in Public Health as a Prologue to Macroeconomic Cooperation, Brookings Discussion Paper in International Economics, No. 44, March 1986.

^{52/} "The Soviet Union and the Bretton Woods Institutions," by Richard Feinberg, forthcoming Overseas Development Council publication.

however, of immediate importance, so that the present political momentum will not be lost and the conditions in will be, criteria paribus, ripe for the Soviet Union to join GATT in the early 1990s and the IMF and the World Bank in the second half of the coming decade.

98. Even such a gradual process cannot be accomplished without at least tacit acceptance by the United States. And this certainly would have not been forthcoming before the recent series of Summit meetings between President Reagan and General Secretary Gorbachev. It was, after all, barely two years ago that the Bank's president reportedly was rebuffed by the then U.S. Treasury Secretary James Baker for saying "why not?" to the question of Soviet membership. However, if the current trend continues, helped by progress in resolving peacefully regional conflicts, an historic opportunity to bring the Soviets into the world economic system, as the Institute of East-West Security Studies team envisions, may be at hand.

99. Already in New York theories abound in the financial community that attribute Soviet willingness to sign the intermediate range nuclear arms control agreement, conduct summitry on terms more acceptable to the U.S., and to withdraw from Afghanistan, as indirect ways to gaining access to Western and Japanese capital and technology. The June 1988 issue of Independent Investor, for example, predicted that in 1989, "The Soviets will start to cash in on several years of goodwill. They will want to borrow a lot of money...and they will get it." While this politically important economic drama unfolds there are quiet steps that the Bretton Woods institutions could undertake to forge cooperative links with the "new thinkers" in Moscow.

100. Although contacts between the Bretton Woods institutions and Soviet citizens have been restricted since the onset of the Cold War, there is obviously a need for all multilateral institutions to assess their stakes in a post-bipolar order and how they might contribute to managing a smooth transition. At issue is how to design a strategy for exploring Soviet capabilities and intentions regarding a larger role in the global economy in ways that will not arouse unrealistic expectations in Moscow or undue concern in Western capitals. Given the complexity, political sensitivity, and protracted nature of official negotiations that might eventually be held on the terms of Soviet membership, informal but systematic 'scholarly' consultations at this stage, involving planning and research staff from the Bretton Woods

institutions, Soviet scholars and development experts, and perhaps a few independent Western scholars, could have immediate and long-term benefits.

101 As noted earlier, in U.S.-Soviet relations there has been a long history of unofficial high-level policy relevant dialogues. These exchanges have served two purposes: to reduce miscalculation by seeking to shed light on the key forces that shape the changing political and economic environments in which each government must choose its foreign policy priorities and actions; and, to explore joint or parallel steps that could build mutual confidence and open the way to greater bilateral cooperation. Under Gorbachev, those exchanges have become far more frank, searching and constructive.

102. Recently, one of the oldest of these exchanges, involving the United Nations Association of the U.S.A. has shifted the focus of its parallel studies program with the Soviets away from bilateral arms control and economic issues to the role of multilateral institutions.⁵⁴ Other examples of the widening communication with the Soviets about issues of particular interest to the Bretton Woods institutions were the meetings in December 1987 and November 1988 of Africanists from U.C.L.A. and the Soviet Academy's Africa Institute on "U.S.-Soviet Cooperation for Africa," and the previously noted projects currently underway with mixes of Soviet and U.S. international economists under the auspices of the Overseas Development Council in Washington, and the Institute for East-West Security Studies in New York.⁵⁵ Perhaps similar scholarly exchanges could be undertaken by the international financial institutions along with an expansion of contacts with knowledgeable Soviets to improve the analysis of developing and Eastern European country economies where they have major stakes.

103. Of a more practical nature, the IMF and the World Bank could benefit from Soviet data as they prepare to re-enter Angola. In designing an effective adjustment program it would seem prudent to elicit the views of Soviet experts on the state of the Angola's economy, the nature and plans for Soviet lending and aid to that country, which already owes Moscow some \$3 billion. The Soviets could also help in nearby Mozambique the chronic security threats have

^{53/} Bissolino, Lang, McCarthy and Zukowska, op. cit.

^{54/} Summary records of the UNA-USQ-UNA-USSR meetings about the role of the United Nations and other multilateral institutions can be obtained from Edward C. Luck, UNA-USA 485 Fifth Avenue, New York, NY 10017.

severely hurt the effectiveness of World Bank and other development programs. With the recent improvement in East-West relations and the willingness of several major national donors to call for concerted international action to help improve Mozambique security, perhaps that multilateral financial institutions could consult more directly with the Soviets on these issues. Other opportunities for establishing regular contact with Soviet aid officials at the country operations level could emerge over the next twelve months in Ethiopia, Cambodia, and even Afghanistan. Obviously the most compelling need for information sharing between IMF/World Bank officials and Soviet analysts regarding national trade, investment and other economic trends has to do with preparing and implementing country programs in Eastern Europe, above all in Poland. In this fashion a serious dialogue could begin that would establish common knowledge bases and mutual confidence that will be essential should the membership issue eventually come to the fore.

Swords into Plowshares?

104. It is tempting to inject in this essay a recommendation that multilateral development institutions adopt, as a research topic, the "international economic impact of the reduction in world military expenditures" that logically should accompany an ending of the Cold War. One would assume, at least, that the resolution of regional conflicts in the developing world would have an important effect on regional arms races.

105. Over the past four years, in fact, the rate of increase in world military expenditures appears to have slowed. The most recent year-to-year increases appear to be less than half that of the 1980/84 period, in constant 1984 dollars. One would like to think that the increasing tendency of Third World leaders to speak out against the arms race, regionally and globally, as an unconscionable drain on resources desperately needed for development, is playing some role in this shift. British analyst Chris Smith's research on the trend confirms that developing countries have been cutting back, but only slightly. The reasons seem to have more to do with the behavior of a few heavily indebted buyers and with the substitution of lower cost domestic production for high cost imports.⁵⁶

^{55/} The UCLA Soviet Academy of Sciences project on Africa recommended cooperative ventures in: agricultural development; environmental protection; mineral resources and utilization; communications; relations with the Southern African Development Coordination Conference; and, nuclear non-proliferation in Africa. Copies of the summary joint
Continued on next page

106. The depressing reality is that in 1987, world military expenditures may have topped \$930 billion, a sum, equivalent to the income of 2.6 billion people in the 44 poorest countries.⁵⁷ Anyone who has followed the protracted U.S.-Soviet arms control negotiations can be under no illusion about the difficulty of effecting major reductions, even under the best diplomatic circumstances. Throughout the world large and politically influential military-economic structures remain in place and are ready to respond to the still painfully real security needs of developing countries. It is, alas, unrealistic to imagine that military symptoms will be treated ahead of curing the underlying political and social ills.

107. Gathering and analyzing data on military expenditures in order to build theories about disarmament vs. development trade-offs, that actually have little political salience for the governments concerned, has been a favorite exercise among academic peace researchers for years. This is, however, not a task for the research departments of multilateral development institutions. Monitoring international arms flows and production trends involving developing countries, including a growing number of Third World producers and exporters, is relatively easy and could be a useful indicator of regional tensions and of development plans gone awry and would complement the multilateral peace built on efforts of the multilateral financial institutions noted earlier.

Continued from previous page

statements can be obtained from Michael Intriligator, Center for International and Strategic Affairs, University of California, Los Angeles, Los Angeles, CA 90024-1486.

56/ Chris Smith, "Weapons for the Third World," Peace and Security, Summer 1987, pp. 2-4.

57/ Sivard, op. cit. p.5.

IV. CONCLUDING OBSERVATIONS

108. The main hypothesis of this essay is that if the Cold War era is passing then important opportunities may be at hand for the multilateral financial institutions to gear some of their efforts to support incipient peace processes in conflict plagued regions of the Third World. Through such efforts economic growth and the reduction of poverty could be significantly improved for several seriously affected countries, the trend of improving East-West relations would be advanced, and the authority and effectiveness of the multilaterals for bridging security and development issues could be strengthened.

109. Until now the Bretton Woods institutions have had little choice but to treat regional and global security issues as largely exogenous to their programs of economic and technical assistance. This policy will no longer be necessary or desirable if recent trends in U.S. - Soviet relations and the accelerating diffusion of power within and among nations continue. Although the emergence of a new era in world politics is, at best, only in its earliest stage, this essay has sought to highlight those aspects that appear germane for those multilateral institutions with a special interest in developing countries.

110. In the complex and uncertain transition to whatever system eventually succeeds bipolarity, the international politics of macroeconomic policies are likely to be increasingly volatile and salient to the design and implementation of adjustment programs. By focusing initially on ways to help advance the universally welcomed peace building processes that are underway or may be imminent in Africa, South Asia, Indo-China, Central America, as well as the reform movements in Eastern Europe, the international financial institutions may be able to acquire the capabilities and legitimacy to deal with security related issues. This could also be managed on a scale and in a manner that would not distort resource flows and or the fiscal and monetary standards that govern them.

111. If the Bretton Woods institutions are to assume greater leadership in a more pluralistic global community the changing dimensions and dynamics of national, regional and global security concerns will have to be incorporated more effectively in their strategic planning and operations. Several steps in this direction have been suggested: helping to "ripen" peace processes with timely assessments of the economic gains from national reconciliation; providing assistance to reinforce peace processes and reduce the risk of reversibility; and perhaps playing

the roles of "broker and balancer" by allocating resources to facilitate the positive-sum bargains that will be required to stabilize a nation or region. Although several regions in the developing world could benefit by security sensitive initiatives by the multilateral financial institutions, the most critical targets of opportunity may actually be in Poland and elsewhere in East Europe.

112. The security agendas of all nations are changing and will be quite different in the 1990s from those that have prevailed since the founding of the Bretton Woods institutions four decades ago. Threats to the environment, instantaneous global communications, gaining access to changing science and technology, and deepening economic interdependence are rapidly eroding national sovereignty and blurring distinctions between foreign and domestic policy for governments. Ironically, the attention and influence accorded developing countries in a post-bipolar security system may decline, as the competition for global influence by the USSR and the U.S. ebbs and the major powers become more preoccupied with their own domestic and regional economic and political issues. Whether or not this occurs, there can be little doubt that the importance of the World Bank and other multilateral institutions in representing the interests of developing countries on the world stage and for dealing for the more diffuse long term environmental and other dangers will increase significantly as the new century dawns.

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