CONVEGNO

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EUROPEAN STUDY COMMISSION

TEMA

EAST - WEST MEETING

" THIRD WORLD DEVELOPMENTS AND EAST - WEST RELATIONS "

hanno partecipato: C. MERLINI e S. SILVESTRI

data: 16 - 18 NOVEMBER 1979

luogo: ELVETHAM HALL

osservazioni:

"THIRD WORLD DEVELOPMENTS AND EAST-WEST RELATIONS"
European Study Commission, Elvetham Hall, 16-18/XI/1979

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THE INTERNATIONAL INSTITUTE FOR STRATEGIC STUDIES

European Study Commission

East-West Meeting

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THIRD WORLD DEVELOPMENTS AND EAST-WEST RELATIONS

(1)

The Economic Dependence on Raw Materials: The Consequences for East and West

Discussion Paper by Bela Kadar

It is now an increasingly accepted fact that in relation to the acceleration of the structural transformation of the world economy, a new and prolonged stage of world economic development is unfolding. This new development stage is linked to a considerable extent to the shift in the international balance of power and to the intensification on an international scale of the correlations between economic, political and strategic factors. Naturally, in the stage of prolonged transition arising from accelerating change new emergencies and tensions influencing the international situation and strategic thinking may emerge in the 1980's and these promise to be particularly critical. Fears of the collapse of the system of international relations in connection with the social, political and external economic tensions building up in different parts of the world and the extension of mechanisms of force and armed conflicts in the resulting chaos (the vision of "bellum omnium contra omnes") are not entirely new.

One of the central topics of this meeting is consideration of the nature, direction and forms of solution of the conflicts that could arise from the uncertainty of raw materials supply and the increased dependence of supply. It would perhaps be of value to consider the nature and scale of the problems arising from this by main groups of countries.

Main regional factors in the international raw materials supply security situation

The international implication of the raw materials supply of the CMEA region are relatively not substantial.

The level of CMEA regional raw materials self-supply is very high and no major change can be expected in the situation in the 1980's, that is in the period when the most serious tensions will arise in the international transitional period. In the crude oil sector which can be considered as the most critical on the world scale and from the viewpoint of CMEA supply, even Western estimates put the region's annual balance for 1985 between 50 million tons net exports and 200 million tons net imports which is not a substantial volume on the world economic scale. Soviet estimates are more favourable. Thus a certain deterioration in the level of regional supply will not seriously affect either the national economic security situations or the international supply situation. The increase in raw materials supply problems will be concentrated geographically in the smaller CMEA countries, although the volume of their demand is not a factor of significance either for world economics or world politics. The easing of problems in this connection will call for new efforts not in the area of shaping the international strategic balance of forces, but in the internal economic field or the area of regional co-operation. These tasks include:

- a new type of growth process based on the maximization of input efficiency (and eventually accompanied by slower growth rates), and emphasis on economic policies promoting specific raw materials and energy savings and on technical development;
- the more rapid development of alternative sources;
- the creation of new competitive export capacities ensuring the financing of imports of extra-regional raw materials and energy sources, and in general, the extension of extra-regional economic co-operation;
- further development of the existing methods and forms of economic relations between the raw materials exporting and importing countries.

Thus the raw materials supply tensions and uncertainties arising in the 1980's will affect the CMEA countries not so much directly as <u>indirectly</u> as a result of the aggravation of the malfunctioning of the world economy, the effects of this on East-West relations, the deterioration of the international political atmosphere and the heightened danger of conflicts.

In coming years the most serious tensions to the system of international relations will come from the developing countries. Not all countries could use or were in a position to use the increased possibilities for action resulting from the collapse of the traditional system of imperialism, effectively to liminate their legacy of historic backwardness or to make appropriate adjustments to the new international situation that has emerged in the past decade. It is true that 1973 was a milestone for external economic strategy because for the first time OPEC changed the posture of the Third World from defence to attack. However, the "strategic" result achieved by the handful of OPEC countries created even more serious external conditions for the development of the majority of developing countries. Certain macro-indicators show that, with the exception of the oil producing countries only the industrialized countries of South East Asia and a few Latin American countries have been able to achieve actual growth in the 1970. However from the viewpoint of the stability of economic relations, even this cannot be considered as a guarantee for, as the example of Iran shows, the inadequate handling of social problems and inadequate political leadership can also sweep countries that appear economically stable with lightning speed into collapse with international repercussions. Moreover history also supplies numerous examples to show that the sucess of accelerated industrialization can also bring an increase in international conflicts.

It is thus of great importance for the future of the system of international relations based on co-operation and mutual interests to evaluate:

- -whether the developing countries will have the opportunity to develop within the framework of comprehensive international co-operation;
- -whether the countries disposing of the economic resources of the Third World and especially the raw materials of strategic importance opt for the strategy of international co-operation or that of confrontation with the industrialized countries;
- -whether the political radicalization unavoidable if social tensions are unresolved, will extend the area of application of coercive diplomacy in the Third World.

Despite the well known tensions and risks, it would appear that, in the Third World countries of more substantial economic strength, the readiness to co-operate is no stronger as yet. The creation of OPEC - type cartels promises much less results for other natural resources. However, in time and in connection with sudden political turns, it is not at all impossible that the developing countries may become inwardly oriented either individually or in groups and that they may then resort to the use of different economic "weapons" or simply restrict the supply of raw materials. However, in order to avoid dramatization, one should not speak of an absolute shortage even in this case ; one should talk merely of the more difficult political and economic conditions for access to raw materials.

Any eventual strategy of confrontation of the developing world would affect above all the so-called Western world and in particular Western Europe and Japan. Even without further external shocks the Western societies (and particularly the Western countries relying to a greater extent on the system of institutions and preferences of the so-called welfare society) will face another decade of problems arising from adjustment to the new stage of world economic development. They will have to cope with the problems of chronic unemployment resulting from the internal and external economic disequilibrium, the disruptions in the energy supply and the development of manpower - saving technology. If economic and political confrontation with the developing countries is added to the East-West conflict elements in international relations, this would undoubtedly impose serious strains on the Western societies and the system of international relations.

In this connection, concepts and arguments have - regrettably - been put forward in recent years calling for the use of military means, a modern application of gunboat diplomacy. These could include the military occupation or control of developing countries considered important for the future of the Western world in the interest of resolving or avoiding new international emergencies. The ideas concerning the extension of NATO strategy east of Suez or the US military occupation of oilfields in the Middle East are of no small importance for the development of the international atmosphere.

Growing Limitations on the use of military force

It is advisable to approach the study of the problem from the angle of military capability and to consider whether the armed forces of NATO or the USA alone are capable of executing a swift operation to gain possession of the oilfields in largely undamaged condition, or repairing any damaged installations and maintaining oil production. It can be stated without great risk that at present and foreseeably over the medium-term, Western armed forces are not prepared for such operations, either as regards military doctrine, the numbers and training of personnel or the financial and logistical facilities available.

A study of military possibilities in the narrower sense gives a similar picture. The development of modern military technology and the diffusion of military hardware in recent years and foreseeably in the 1980's will ensure greater relative advantages for defence. The developing countries, and especially the oil exporting countries with financial resources at their disposal, already have in part and in the 1980's will increasingly acquire observation and target acquisition installations and precision guided weapons which increase the military costs of any intervention and can prevent any rapid occupation of territory.

In addition to this, there is the criterion of expediency in the economic sense. In contrast with the growing multi-billion dollar costs of the complex weapons systems required for large-scale interventionary operations, the cost curve of defensive weapons which are simple to operate, which can be used on a small tactical scale and are increasingly easy to manufacture is declining more and more sharply. The growing asymmetry of attack and defensive armaments costs is at present developing in favour of the defence.

The reduction of cost effectivness in the purely military sense from the viewpoint of the attacker is also reinforced by other economic considerations. Even in the case of presumed success, the costs of using military means will exceed many times the burdens likely to arise from the relative increase of specific import prices or the development of alternative resources or, eventually, forced economy measures. However, the cost effectiveness of expensive military intervention is zero in the presumed case where the intervention is unable to guarantee the uninterrupted supply of oil for the Western World.

While military resistance for defence of the oil-fields could be overcome by applying the destructive capability of the interventionary military force, the destruction of oil production capacities that would inevitably result would deprive the intervention of its objective. Military power that is meaningless as a means of destruction or cannot be exerted cannot be used as a bargaining instrument either.

Finally, mention should be made of the external restricting conditions of military intervention. The increasingly differentiated international balance of power also makes " crisis management" more difficult and the reactions of the countries affected and their partners are much more difficult to establish and less predictable. The strengthing of the UN's role and the different forms of co-operation among the developing countries also restrict the possibilities for big power action because of moral and political constraints.

Today, under the circumstances of the balance of military forces, where overkill capacities exist, a growing consensus is emerging that the credibility of the use of military force is declining in international relations. Thus, even the more refined means of gunboat diplomacy cannot help to reduce dependency on raw materials imports. National security is now far from being a purely military problem. It is clear that military power in itself cannot guarantee national security and, indirectly, military capacity created to the detriment of social and economic development does not mean greater security. The quality of military alliances is also being increasingly influenced by a new international situation in which the mutual dependence of states is increasing on several levels. Almost one fifth of world production now passes into international trade. This fact has an increasingly decisive influence in restricting the scope for action of nation states for they are linked in a more and more complex manner. States cannot assert their interests over their opponents by military means and by successfully deploying their armed forces.

As far as can be foreseen the new system of international relations will be influenced much less by the military factors than by economic. Indirect instruments of a non-military nature, particularly economic and technological instruments, will play a leading role in avoiding the tensions that can be expected in international relations - such as those arising from security of supply problems. It follows from this that military detente cannot be considered as the sole pillar in maintaining and furthering detente.

Directions for solutions

An uncertain future makes the pursuit of detente imperative. Detente can help us to make the adjustments now which will make the future easier to manage. Only considerably more impressive and rational economic growth than at present can help to ease the tensions accumulated in the Third World but this calls for additional resources and these can only be released by a general arms limitation. The tensions in the developing world will feed into East-West relations and this can only be prevented by comprehensive East-West-South co-operation, basing intergovernmental relations on a much broader community of interests than appear to exist at present. It is of particular significance from the viewpoint of our topic that the present threat of crisis in raw materials supply security is to a large extent manipulated and can be traced back to lack of international co-operation and the heightened competition for the apparently limited resources. An increase in the international supply of raw materials and the exploitation of Soviet, African and Latin American resources on the basis of international co-operation could certainly improve the world supply security situation. Within the framework of national economic policy, the rationalization of consumption and the development of alternative sources could ease the situation.

Reducing the foreign exchange gap and the technology gap is a priority objective for the majority of CMEA and developing countries. For the oil producing countries, the key problem is to bridge the technical and structural gap. Lasting mutual interests could be established in this area which could provide security of supply and, by offering a model of guarantees for the Western world, help to ease the passage of the world through the storm zone of the 1980's without major conflicts. Emphasis on external economic and technological instruments in inter - governmental relations could also make it easier to handle conflicts arising from different state or system interests, for the negative consequences of indirect influences of this type are not felt suddenly, but over an extended period. There could therefore be more time for an adequate response and for handling the conflict.

Although the conflict potential existing within the developing countries cannot be eliminated in the foreseeable future, the "internationalization" of conflicts and their spiralling into East-West relations could certainly be avoided.

One-sided raw materials or technology and market dependence may also have the effect of increasing conflicts. From the point of view of economic security, military solutions are zero-sum games. But economic means can contribute to security and stability to the mutual benefit of all. For the security policy ambivalence of economic and technical relations to be reduced in the 1980's and for their stabilizing effect to become dominant, a tri-polar system of East-West-South economic relations leading to the extension of economic interdependences is required. As a result of the globalization of problems, segmented power and security policy aspirations which separate the channels of detente from the North-South dialogue and the so-called trilateral co-operation do not serve their purpose.

However it is possible that in the 1980's the USA will show even less interest or have even less scope for establishing international security through economic means. In this case Western Europe and Japan, which are more sensitive to economic security problems, could play an initiating role from the Western side in the establishment and further development of detente of a qualitatively higher order based on regulated economic relations among the developing, the CMEA and the Western countries, and on the development of economic, technical and security relationships.

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(2)

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THIRD WORLD DEVELOPMENTS AND EAST-WEST RELATIONS

The Sources of Third World Conflict and Concepts of Stability

Discussion Paper by Peter Lyon

' The United States and the Soviet Union together account for more than half of the world's total defense bill, and for some two-thirds of the world's arms trade.
And yet it is not in the industrialized nations, but in the developing countries that military budgets are rising the fastest.'

Robert S. McNamara,
President, World Bank,
University of Chicago, 22 May 1979.

'An English cynic once said that a state has no permanent friends or permanent enemies. It has only permanent interests. I am not quite sure that this (Non-aligned) Movement has permanent enemies and permanent friends - let alone natural ones. But I am sure that it has permanent interests.
For the Non-aligned Conference is not an organization of neutrals, bound to some kind of neutrality in international arguments. On the contrary we have positive policy commitments.'

Julius Nyerere,
President of Tanzania.
Speech to the Non-aligned Heads of State and Government Conference Havana, September 1979.

The violence of an age reflects the politics and military technology of its time. Prevailing conceptions of stability, and how to ensure, maintain and improve stability, also reflect the political assumptions, aspirations and actualities of an age.

The contemporary spectrum of war is at once wider and more volatile than in any previous period of history. The technological means to convert a limited into a general war are becoming more widely diffused. 'Classical' - but in fact really rather confined mid to late 19th century European - sharp distinctions between internal and international wars today tend to be blurred and rather easily eroded. Truly this is an age of protean and polymorphous violence - and this is becoming even more characteristic of the third world than of the two other worlds, where affluence, organization, functional interdependences and/or nuclear deterrence have inhibited inter-state international wars even at the apparent cost of licensing lesser internal wars, perhaps especially those of a communal and potentially secessionist kind.

It is worth remembering that le tiers monde, the third world, first achieved general currency in the lexicon of international politics in the middle 1950's in the context of prevailing and seemingly increasing bipolarity in the international system, as in the years 1949 to 1955 both superpowers built up and sought to strengthen a complex of bilateral and multilateral military alliances - NATO, SEATO, the Baghdad Pact and also the Warsaw Pact. The age of containment in U.S. strategic-diplomatic planning was pre-eminently the years 1949 to 1956. The Suez War and the Hungarian revolution of 1956 marked the end of active American soliciting for formal allies and forced both superpowers to concentrate on alliance maintenance.

Containment as an operational U.S. strategic doctrine in the early 1950's was a piece of geopolitical-geostrategic theorising which owed its putative parentage not so much to George Kennan but to Halford Mackinder as modified (and rendered into an American-centric world view) by Nicholas Spykman in the Second World War, and was in effect later translated into contemporary U.S. Strategic Air Command terms by the likes of Bernard Brodie, Herman Kahn, Albert Wohlstetter and William Quandt at Rand Corporation in their recommendations on the logistics of those American airbases which were placed in the rimlands of 'the world island of Eurasia'.

The third world today consists overwhelmingly of countries which have come to independence by the transfer or eviction of the authority of former colonial powers, mostly from the overseas empires of western European powers.

The rapidity and near-ubiquity of this west European decolonisation in the last twenty or thirty-odd years has swiftly brought to an end an age of west European dominance in world affairs which began with Vasco da Gama and Magellan; reached an apogee in the late 19th and early 20th centuries with men such as Leopold II and Lyautey, Curzon and Chamberlain, and then ended rather splutteringly in the days of Churchill's dotage, during what might better be dubbed the dog days of 'Dickie' Mountbatten - whether one refers to India's independence on 15 August 1947 or to an assassination just off Ireland's west coast in August 1979.

Mountbatten was the last British Viceory, who became the first Governor-General of independent India. This was because the British government was convinced that their imperial evacuation and the consequent 'vivisection of the subcontinent' was the only practical alternative to tremendous and terrible massacres. Even so, about 20 million people became displaced and perhaps one million were killed within a few months of partition. What was an ostensibly peaceful 'transfer of power' by Britain to the successor governments in India and Pakistan nonetheless was purchased then at the cost of large scale communal massacres and several dragon's teeth were sown - of which Kashmir is the most notable and most durable - which bequeathed complex and envenoming legacies. In some important respects therefore India and Pakistan early prefigured some of the difficulties and instabilities - especially of communalism - which were subsequently to assail and trouble many newly independent states of the third world.

The third world has greatly increased in membership and heterogeneity in the past twenty years or so. Almost as a direct consequence intra-third world conflicts have increased actually and potentially, and much more perhaps than has the propensity of external major powers to intervene in conflicts within the third world. There are so many conflicts, each with multiple causes and occasioning factors, that it is impossible to provide a full inventory in a short paper, and it would be a gross over-simplification to propose a typology (say in the manner of Quincy Wright's once magisterial and certainly massive A study of War) not least because of the high volatility of contemporary types of war in an age of highly polymorphous violence, of the heightened multidimensionality of war technology.

The main storm centres of localised conflict within the third world in the early 1980's seem likely to remain the old ones, but with some new ones added. Korea, mainland South-east Asia, the Gulf, South-west Asia, the Magreb and the Mediterranean basin-who can say with confidence that any of these have ceased to be serious cockpits for localised conflict ? Each of them is fraught with some escalatory potential, if coupled with the strategic interests of a major external power.

Of these cockpits I think the two Koreas are likely to be kept in a state of partitioned stalemate, neither side able to reunify the whole peninsula on its own terms, or to agree to a workable compromise, especially not while each half is preoccupied by political succession problems. But the role of external powers in maintaining a reasonably stable local balance is a critical variable, as President Carter seems at last to be reluctantly conceding.

Within mainland South-east Asia the prospect of further conflict involving Vietnam is taken very seriously, especially by Lee Kuan Yew and Rajaratnam from the rather special vantage pointof Singapore. Renewed direct pressure on Vietnam by China along their common land borders or over possession of such atolls as the Spratlies, or more indirect pressure through Laos - such possibilities should not be easily discounted.

In South Asia the military ascendancy decisively demonstrated by India over Pakistan in 1971 still serves to dampen and constrain Pakistan's resentment and revisionist aspirations. Already the awesome prospect of competion in nuclear armaments between these two countries looms.

Within the Gulf the geopolitics of world energy issues, the post-OPEC-alypse situation, the present quasi-anarchy in Iran, the growing diplomatic stature of Iraq, the social and political anachronisms in the U.A.E. and perhaps in Saudi Arabia, in a region simultaneously stimulated and enfrenzied by modernization and Islamic revivalism-these are very combustible ingredients indeed.

Surely South-west Asia today still remains - despite or perhaps in part because of Camp David - in the unhappy condition of a high propensity for localised war. The most strident, complex and yet increasingly significant revisionist factor is Palestinian irredentism. It could be that some kind of a Palestinian State will be brought into being in the 1980's, perhaps more at the immediate territorial expense of Jordan than of Israel. But would not such

a newly independent Palestine regard its territorial homeland as a springboard for the satisfaction of further irredentism rather than behave as a territorially satisfied, still less satiated, power ?

These are the main but by no means all the regional conflicts that have simmered and erupted recurrently since 1945 in the rimlands of the world-island of Eurasia. But technology, competition for economic resources and political ambitions have overlept the former American lines of containment marked by military alliances and overseas air bases, emplaced mostly between 1949 and 1955. In the second half of the 1970's southern Africa in particular, but also other areas and issues currently at work in the third world, have combined to produce a 'new strategic map'* in which even very small islands may be invested with unprecedented, and until quite recently unforeseen, importance, either because of their significance in relation to major sea-routes and/or the resources of the sea (e.g. fish, oil, manganese nodules) or for the advantages conferred by preclusive possession in order to prevent such islands falling to one's actual or potential adversaries. The third world today comprises not only most of Asia and Africa but also much of Latin America, the Caribbean and Oceania, and it may be encroaching increasingly into Europe (cf. Spain & Roumania, for instance)

Containing, that is to say severely limiting the membership of, the 'club' of possessors of nuclear weapons will undoubtedly continue to be one superpower preoccupation of the 1980's. But managing and mitigating the likely consequences of continuing nuclear proliferation - especially in the third world - doubtless will have to be another preoccupation of any would-be promoters and guardians of international security and stability.

When he was Guyana's Foreign Minister Sonny Ramphal used to say to his colleagues that diplomacy was his country's first line of defence, a means to ward off the potentially predatory territorial designs, for instance, of three irredentistically inclined contiguous neighbours.

More recently, as Secretary-General of the Commonwealth, Mr. Ramphal has diagnosed one of the major weakness of 'the South' (a rough synonym for the third world) in dialogue and diplomacy with 'the North' as organizational weakness.

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* See Geoffrey Kemp's article 'The New Strategic Map' in SURVIVAL 19(2) March-April 77 for some preliminary discussion of aspects of this theme, which could and should be elaborated and deepened.

At Arusha in 1978, and on many other occasions, Ramphal has urged that 'the South' needs much more and better organization, both at domestic and at regional levels, if it is to help shape a new world order in ways favourable to 'the third world's' conceptions of stability and justice. It needs to be emphasized here that 'stability' is not by any means the most lauded word in contemporary third world lexicons. 'Order' meaning 'a new order' is the nearest synonym, but this embodies within it the implication of desirable, indeed of necessary, changes to many present world arrangements, and includes increasing and more assertive third world demands regarding disarmanent and arms control.

At the Havana conference of the Non-aligned in September 1979, S. Rajaratnam eloquently reaffirmed a thesis or proposition he and his Prime Minister, Lee Kuan Yew, had propounded several times in previous months, especially in relation to the Vietnamese invasion of Kampuchea in January 1979: that this event might portend a new age of proxy wars, and that genuine non- alignment was the best course for would-be authentically independent new small states:

> 'Once a small nation departs from non-alignment in an era of great power rivalries its inevitable fate is to become a proxy for a great power. And once it has become a proxy, it must provide cannon fodder for great power conflicts. Proxy wars ensure that destruction and loss of lives are largely confined to the lands of the proxies. Hence the search for new and more proxies has to be pursued more vigorously by the great powers in the coming years.'

These are challenging but not self-evidently true propositions, either as interpretations of Vietnam's recent behaviour towards Kampuchea and China, or as more general assertions. But they are eminently discussable propositions, not least because of the challenge they pose to understanding. In practical terms countries within 'the socialist world' certainly face problems given the unedifying and doctrinally difficult spectacle of two socialist states, Kampuchea and Vietnam, at war with each other.

It is easy to smile at the several ironical examples of hyprocisy and self-delusion embodied in the recurrent reaffirmations of wholesale endorsement of 'diplomacy by consensus' by members of the non-aligned movement.

It would be foolish to dismiss such claims, however, entirely as mere rhetoric. There are now several regional and functional cohorts within the third world which in recent years have shown considerable skill in practising coalition diplomacy - in ASEAN, in Caricom, even occasionally in the rather large and therefore diplomatically unwieldy O.A.U. It ill behoves people from the NATO or the Warsaw Pact countries (if they stop for a moment to contemplate the prevailing disarrays and difficulties of sustaining constructive coalition diplomacy within their alliances) to be too condescending, critical or dismissive of third world combinations. The disintegrating West and the re-integrating third world may be an exaggeration (pace Mary Kaldor) but in the 1980's it will not sound axiomatically absurd as it would have done twenty years ago.

It is a perennial argument of modern international politics whether or not alliances, especially those of great powers, conduce to war, and the argument is as inconclusive as it is familiar. By some it is claimed that alliances are regulatory mechanisms, devices, bringing an element of order, of system, of predictability, even of restraint, into the otherwise fluid and anarchical realm of interstate relations: that alliances thereby reduce the Hobbesian atmosphere of a war of all against all. By others it is claimed, with almost equal plausibility, that alliances by their nature express, canalize, and institutionalize antagonisms and enmities in ways which serve to structure international relationships into patterns of conflict, into hostile coalitions and combinations.

There can be no doubt, however, that within the contemporary third world - and despite recent arguments as to whether or not the Soviet Union is their 'natural enemy' (see, eg. Nyerere's remarks at the head of this paper) - that with an overwhelming majority of its member-states being self-declaredly non-aligned, the third world mostly favours the second of the above alternative string of propositions, and thereby the accompanying notions of establishing new orders and new stabilities.

Given the inevitability of change and of some continuing tensions throughout the contemporary third world, conflict and stability should be seen not as polarities, as opposites, but as dialectically related. Thus stability cannot be durable if it is merely made entirely synonymous with the status quo. Dynamic equilibrium, adaptable arrangements, progressive reconstruction and re-ordering of international institutions and rules, seem inescapable requirements, necessities, of any practical concepts of stability.

No political leaders in the contemporary third world avow a conservative conception of stability. No-one avows the Canute-like ambition of seeking to freeze the status quo (even when in practice some may be highly conservative). All leaders are either self-styled reformists or revolutionaries in their attitudes to international as well as to their own domestic orders. But the differences between reformists and revolutionaries can be considerable -- compare for instance Cuban and Yugoslav drafts for Havana - even though such dichotomous classifications can become blurred and dissolve in particular cases over a time.

Are there not important implicit rules, practices and conventions now emerging and being generated from within the non-aligned movement? Some of these are both general and specific - as in the quest for a New International Economic Order and in their economic programme for action. Others are much more regionally confined and intelligible only in relation to the dynamics currently at work within, say, the O.A.U., ASEAN, Carricom etc.

It has been a major thrust of this present short paper to suggest that any serious effort to understand patterns of conflict and concepts of stability prevailing within the contemporary third world should at least start with some awareness of the character and dynamics of the non-aligned movement (N.A.M.) and that the N.A.M. should be taken more seriously than often seems to be the case in Europe today.* Non-alignment, capaciously diffuse and heterogeneous as it is, undoubtedly in large part expresses and defines the ambitions and helps to shape the coalition diplomacy of the present day third world.

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* I have made such points many times before and with some supporting arguments. See e.g. in Neutralism (1963), 'Neutralism and Polycentrism' in Survey (1966), in 'New States and International Order' in The Bases of International Order (OUP, 1973), in 'Co-operation and Conflict Within the Third World' in Millennium, Journal of International Studies, (Autumn 1974), in 'What is the New International Economic Order' in The Third World Quarterly January 1980, and in 'Non-Alignment at the Summit: from Belgrade 1961 to Havana 1979' for University of Calcutta, 1979.

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THE INTERNATIONAL INSTITUTE FOR STRATEGIC STUDIES

European Study Commission

Elvetham Hall, 16-18 November 1979

Western dependence on imported industrial raw materials

Norman Scott

The energy crisis has dramatically laid bare the vulnerability of the western economies to the changing policies of extra-regional suppliers. The rate and pattern of economic growth, the composition and direction of world trade and payments imbalances, lifestyles and military capacities are all affected by the prospective exhaustion of petroleum reserves. Understandably, the crisis - which has not yet reached its peak - has led to anxious inquiries into other sectors of potential vulnerability. In a sense, the tables have thus been turned on the West: in the 1960s the early beginnings of the North-South dialogue - at UNCTAD I, for instance - were dominated by statistical and political disputes about the vulnerability of the developing countries economies to highly volatile prices, declining terms of trade, and the might of the multinational enterprises. Some of these factors, compounded by exchange-rate volatility and persistent inflation, have strengthened the determination of the OPEC countries to assure the real exchange value of their non-renewable resources. Political considerations may well also be present. In the circumstances, it is worth reviewing the other main sector of potential vulnerability - namely, non-fuel minerals. Other primary commodities, such as tropical foodstuffs and beverages, are disregarded in these notes, since their importance is much greater to producer than to consumer countries.

Non-fuel minerals

As with other raw materials, the chief anxieties in respect of non-fuel minerals are about the adequacy (or potential exhaustion) and security (or potential disruption) of supplies. Both consumer and producer countries share the former anxiety - though to differing degrees. The "security" concern is more concentrated in OECD countries, but some CMEA countries (notably Poland in recent weeks) are also expressing some anxiety. In addition to these two primary sources of concern, there are a number of other issues deserving attention. They are all listed below, pour mémoire, although some are commented on only very briefly.

- the threat of exhaustion, as exponentially growing demand runs up against the physical "limits to growth", preceded by large price increases
- the threat of disruption in supplies, possibly as a panic- or policy-motivated corollary of the risk of exhaustion as perceived by producer countries
- geographically concentrated mineral exploration and investment, hampering the efforts of some developing countries to tap their resource base
- volatile and declining prices, discouraging investment and depressing the economies of certain producer countries
- concentration of mining technology in a small number of powerful transnational corporations
- wasteful use of "planetary" resources because of material-extravagant life styles

Fear of exhaustion

Present anxieties on the score of resource adequacy owe much to the shock-impact of the Club of Rome's 1972 report on "The Limits to Growth", predicting "overrun and collapse" by some specific date in the twenty-first century, and the exhaustion of certain materials such as oil and natural gas within the next four decades. The subsequent international debate has

lined up, one one side, the "doomsayers" - those who accept these arguments, and take the pessimistic view that "space-ship earth" is rapidly running out of planetary resources; on the other side are the "techno-fixers", who place their faith in the boundless power of science and technology to push out the frontiers of access to material resources.

The mocking labels attached to the protagonists[1/] should not be allowed to conceal the genuine seriousness of the resource-availability (sometimes called the "survival") issue, nor the fact that we cannot predict the future flow of inventions which may reveal new resources or generate new substitutes or much more efficient conversion technologies.

A prerequisite for sensible discussion of the issues is a shared understanding of what is meant by the terms "resources" and "reserves". Materials can only be considered to be resources when there is a use (and hence, demand) for them. This means that technology determines when materials become resources. Mineral deposits become resources once they have been explored and identified. Reserves are identified resources which are economically recoverable: they therefore change in magnitude as prices and technology develop.

Put differently, resource adequacy depends on physical materials interacting with demand through technology resulting in a price. Price, in turn, rations the resources as between uses and users, determines the level of investment and exploitation, and encourages or discourages exploration and the search for alternatives (substitutes).

It follows that fluctuations in demand have a strong determining effect on the level of reserves (which is also affected, of course, by discovery of hitherto unknown deposits, or by technological innovations which make previously known deposits - such as North Sea oil - economically recoverable). In periods of strong demand, the ratio of reserves to production falls, and there is an incentive to undertake new exploration and related mining investment. When demand weakens - as it has for non-fuel minerals during the recent years of recession - there is a rise

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1/ cf. Barbara Ward, The Home of Man, Pelican Books 1976, Chapter 7, "Is the Future Possible ?".

in the ratio of reserves to production, and a resultant disincentive to new risk-taking investment. Copper provides an example: since the 1930s reserves have been roughly 30 times annual production, but - partly as a result of the recession - rose to 58 times in 1976. Similarly, thanks to successful prospection, in relation to the growth of demand, the ratio between reserves and consumption of aluminium is now so high that there is no incentive to intensify prospection today.

The OECD report Interfutures demonstrates that there have been spectacular increases in reserves of most non-fuel minerals at precisely the time of the highest raw material consumption in history - as shown by the following estimates of reserves in 1950 and 1977 (in million metric tons of metal content).

	Copper	Lead	Tin	Zinc	Molybdenum
1950	100.0	40.0	6.9	70.0	n.a.1/
1977	456.0	124.0	10.2	150.0	9.0

1/ Western world only. Estimated reserves in 1965 were 2.2 million tons.

The same report, after comparing reserves and consumption prospects, reaches conclusions which merit discussion. The first, at the global level, is that "there really is no universal or absolute scarcity of minerals. There may be some specific difficulties, but if the economic and technological transition phases are not disturbed by sudden, unforeseeable breaks there should not be any serious problem. Thus, the concern so often expressed about the exhaustion of resources does not for the moment justify any change in present policies".

Another problem concerns the regional distribution of the reserves. It is concluded (see the annexed Table 1) that the countries in which there are reserves are not those which are the centres of consumption, and in some cases there is also a very high regional concentration of reserves.

"The uneven distribution of reserves creates a political risk of discrimination concerning supplies of certain materials for certain countries." There is also the possibility of generalized producer-country cartels aiming at raising selling prices. This possibility has to be considered in the context of earlier price determinants and the dominant role of powerful multinational enterprises in the mining industry.

Prices - and developing countries' interests

Although exhaustion of resources does not seem, in the opinion of experts, either imminent or even foreseeable, adequate supplies may not be assured at roughly current prices for reasons independent of the resource base. For one thing, depressed prices, fears of nationalization, and the long lead times - seven to twelve years - have resulted in low levels of investment. This could lead to supply bottlenecks in the future. A related factor is the vulnerability of the non-fuel mineral industry to severe cyclical fluctuations in price which make planning difficult and adversely affect the profitability of investment. "Given the increasing dependence of /western/ industrial countries on supplies of non-fuel minerals from the developing countries, and the importance of minerals exports to a number of these countries",[1/] the growing divergence of interest between them is a matter of general concern.

The prospect of physical depletion of the resources under consideration would appear, as has been seen, to be very distant and not, therefore, a major determinant of future price trends. What other factors are likely to push up prices ? Inadequate investment in production capacity, possibly because of political risks as well as the price volatility just noted, could certainly restrict the growth of supplies. There is also the possibility of export controls or political disruptions in major supplying countries. Last, but not least, increased energy costs accompanying rising energy inputs to extract metals from lower grade ones, are already a factor to be accounted with.

1/ World Bank, Minerals and Energy in the Developing Countries, May 4, 1977, p. 2.

This potentially troubled and troublesome relationship is further complicated by the oligopolistic control of supplies and influence over prices exercised by a small number of multinational enterprises. The percentage of mining on production capacity (outside the socialist countries) controlled by the five largest companies in each of the non non-fuel mineral industries is shown below (1974/76)

Bauxite	48.2	Chromite	48.8
Alumina	65.2	Nickel	62.4
Aluminium	48.8	Platinum	96.5
Molybdenum	71.6		

Source: Interfutures

A market dominated by a few suppliers is more liable than a highly competitive market to engage in discriminatory practices - either voluntarily or involuntarily. During the Vietnam War, for example the bulk of nickel supplies was diverted to U.S. military purposes, with the result that European and Japanese consumers had to buy USSR nickel at a 500 per cent premium above the list price. Conversely, the dominant role of the transnational mining companies in the economies of the developing countries has resulted in an adversary relationship with many host countries and a consequently heightened probability of stronger LDC government intervention, either through nationalization or state participation in joint enterprises. As it is, the atmosphere of mistrust and misapprehension has led the TNCs to concentrate 85-90 per cent of exploration and mineral development expenditure in developed countries (80 per cent in the United States, Canada, Australia and South Africa). There can be little doubt that this situation is perceived by the developing countries as constituting a de facto limitation on their sovereignty over natural resources. The more they push for changes in the "rules of the game", the more risk-capital is withdrawn or deflected into the exploration and development of new resources in the North, with adverse consequences for economic development in the South, and a widening of the North-South gap. New international institutions, along the lines of an expanded UN Revolving Fund for Natural Resources Exploration, or the International Resources Bank proposed by Kissinger in 1976, might lessen the threats implicit in this confrontation.

Table 1

Regional distribution of measured and indicated reserves, 1977

Raw material	Share of leading 3 countries	Share of leading 5 countries	countries' percentage share
iron	59.4	76.7	USSR (30.2), Brazil (17.5), Canada (11.7), Australia (11.5), India (5.8)
copper	44.9	58.7	USA (18.5), Chili (18.5), USSR (7.9), Peru (7.0), Canada (6.8), Zambia (6.4)
lead	47.8	61.4	USA (20.8), Australia (13.8), USSR (13.2), Canada (9.5), South Africa(4.1)
tin	50.2	68.1	Indonesia (23.6), China (14.8), Thailand (11.8), Bolivia (9.7), Malaysia (8.2), USSR (6.1), Brazil (5.9)
zinc	45.8	58.6	Canada (18.7), USA (14.5), Australia (12.6), USSR (7.3), Ireland (5.5)
aluminium	62.8	74.8	Guinea (33.9), Australia (18.6), Brazil (10.3), Jamaica (6.2), India (5.8), Guiana (4.1), Cameroon (4.1)
titanium	59.0	74.1	Brazil (26.3), India (17.5), Canada (15.2), South Africa (8.6), Australia (6.6), Norway (6.4), USA (6.0)
chromite	96.9	97.9	South Africa (74.1), Rhodesia (22.2), USSR (0.6), Finland (0.6), India (0.4), Brazil (0.3), Madagascar (0.3)
cobalt	63.0	83.5	Zaire (30.3), New Caledonia (18.8), USSR (13.9), Philippines (12.8), Zambia (7.7), Cuba (7.3)
columbium	88.5	95.3	Brazil (76.6), USSR (6.4), Canada (5.5) Zaire (3.8), Uganda (3.0), Niger (3.0)
manganese	90.5	97.7	South Africa (45.0), USSR (37.5), Australia (8.0), Gabon (5.0), Brazil (2.2)
molybdenum	74.3	86.9	USA (38.4), Chile (27.8), Canada (8.1), USSR (6.6), China (6.0)
nickel	54.5	76.8	New Caledonia (25.0), Canada (16.0), USSR (13.5), Indonesia (13.0), Australia (9.3), Philippines (9.0)
tantalum (1)	72.7	84.8	Zaire (55.0), Nigeria (11.0), USSR(2.9), North Korea (6.4), USA (6.1)

(1) 1974 figures

Table 1 (continued)

Raw material	Share of leading 3 countries	Share of leading 5 countries	countries' percentage share
tungsten	69.6	80.6	China (46.9), Canada (12.1), USSR (10.6) North Korea (5.6), USA (5.4), Australia (2.7)
vanadium	94.9	97.2	USSR (74.8), South Africa (18.7), Chile (1.4), Australia (1.4), Venezuela (0.9), India (0.9)
bismuth	47.9	60.9	Australia (20.7), Bolivia (16.3), USA (10.9), Canada (6.5), Mexico (6.5), Peru (5.4)
mercury	65.2	78.3	Spain (38.4), USSR (18.2), Yugoslavia (8.6), USA (8.6), China (4.5), Mexico (4.5), Turkey (4.5), Italy (4.1)
silver	54.9	76.5	USSR (26.2), USA (24.8), Mexico (13.9), Canada (11.6), Peru (10.0)
platinum	99.5	99.9	South Africa (82.3), USSR (15.6), Canada (1.6), Columbia (0.3), USA (0.1)
asbestos	81.3	91.8	Canada (42.7), USSR (32.3), South Africa (6.3), Rhodesia (6.3), USA (4.2)

Sources: US Bureau of Mines: Mineral Facts and Problems, op.cit.
US Bureau of Mines: Commodity Data Summaries 1977, op.cit.
Bundesanstalt für Geowissenschaften und Rohstoffe/Deutsche Institut für Wirtschaftsforschung : Untersuchungen über Angebot und Nachfrage mineralischer Rohstoffe, Vol. VII : Chrom, Hanover/Berlin 1975.
cf. also Bundesanstalt für Geowissenschaften und Rohstoffe : Regionale Verteilung der Weltbergbauproduktion, Hanover, 1975.

An analysis of the regional concentration of the reserves of certain metals and one of the other minerals (Table 15) is even more informative. For seven of the commodities (chromium, columbium, manganese, molybdenum, vanadium, platinum and asbestos) more than three-quarters of the measured and indicated reserves are in only three countries. There are fifteen minerals of which more than 75% is held by five countries, and, of the twenty minerals cited, there are only two (copper and zinc) for which the five countries' share is less than 60%.

Military interventions in the Third World

Stefano Silvestri

The military interventions in the Third World by the industrialized powers or other nations of the THIRD WORLD GROUP have multiplied. They range from direct military interventions in overwhelming strength (Ethiopia, Vietnam) to the limited deployment of small intervention forces (Zaire), to the use of commandos (Entebbe). Although in many cases, in retrospect, there were doubts as to the effectiveness and timeliness of these interventions, it was also felt, de facto, that they could offer sufficient advantages. And even today, except for the controversial case of Chinese intervention in Vietnam, these advantages really do seem to exist.

There are, however, a few points to be stressed:

I) no longer are only Western forces deployed in these actions. In fact, they are today outnumbered by the forces of the Socialist and neutral or non-aligned countries (Cuban and Vietnamese included);

II) more and more frequently, Third World nations are directly assuming military tasks of this kind. Apart from the already mentioned examples of Cuba and Vietnam, we can recall the cases of Tanzania in Uganda, Syria in Lebanon, Libya in Chad, Nigeria in Chad, etc.

There is, therefore, a general "spread" of violence, and this complicates the traditional diplomatic picture. Also because this use of force is not centered around one or two great powers but scattered among many states, increasing in this way the impression of "anarchy" in the international system.

The industrialized nations seem to react to these tendencies enlarging their own intervention (and commando) forces

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and seeking out new "privileged" allies in the Third World and (in a certain way) reproposing a still rough and vague version of the "spheres of influence" policy.

The strengthening of the forces of intervention creates big problems. For example, small-scale intervention forces are increasingly vulnerable and, therefore, the cost of such interventions increases accordingly. Limited operations (such as the Israeli raid on Entebbe or the French action in Zaire) bring with them a high level of risk because of the high vulnerability of the means deployed. To operate in a climate of military safety it is now necessary (given the spread of ~~early~~ sophisticated weapons in the Third World) to use massive forces, with heavy strategic cover. But this is not always possible. ~~Certain~~ Some interventions may seem from the very start too costly or disproportionate to the objectives to be attained (for example, the case of Iran and the American diplomatic hostages).

There is, moreover, an internal political problem, especially valid in the West: can public opinion accept a failure, even a limited one, or a defeat on the battlefield of forces that are too small? Is there not, in this case, a risk of creating a climate of "folding up" and "giving up"? There is, therefore, also a problem of costs: if the interventions are to take place under safe conditions they necessitate significant investments in long-range air-sea forces, which are very costly and, in certain ways, felt to be growing outmoded (the debate on the growing vulnerability of aircraft-carriers, for example).

As regards international policy, the problem has three aspects. First, there is the difficulty of defining the boundaries of the "spheres of influence" because of the continual changes in the internal political balances in the Third

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World countries and the global nature of the interests involved (oil, raw materials, safety of the routes, etc.). Second, it is hard to maintain that a great power today can be held responsible for the international relations or behavior of a third country without obtaining at least the placet of the United Nations. Third, there is no longer a clear American military superiority in long-range intervention capabilities: this has been clearly shown by the wars in Angola and Ethiopia, Soviet assistance to the Arabs in 1973 and the recent Soviet manœuvers of airborne troops from Russian territory to Ethiopia and South Yemen.

Even the search for new "privileged" allies is a difficult policy. In general, it is easier to make military intervention acceptable if they are inserted in a politically well-defined context, and one which permits both the ensuing political solution and the subsequent military pull-out to be calculated from the very start. This entails the co-operation of local political and military forces which can "relieve" the intervention forces, or at least the assent and co-operation or neutrality of a widely accepted authority in the crisis region (for example, the United Nations, the OAU, the non-aligned nations, the Arab League, the Commonwealth, etc.).

The alternative means running the risk of getting bogged down in a long war, or the humiliation of a withdrawal without having achieved lasting results. Nevertheless, even this search for allies is difficult, for reasons already known:

- the rapid changes in the internal political situation of the Third World countries and the fragility of their regimes;
- the growing trend toward local conflicts (nationalist, tribal, religious) which can enlarge the crisis;
- the influence of other powers.

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In short, there is the risk of escalation together with the risk of estranged relations with many other states in the area, without the certainty of success.

However, there do not seem to be many alternatives. For example, the effectiveness of other, more "peaceful" instruments of crisis management -- the United Nations, the various economic contexts joined under the comprehensive name of North/South dialogue, the arms control talks, recourse to the International Court of Justice or international conferences -- seems to be quite limited.

The effectiveness of these non-military instruments is also probably reduced by the absence of a well-thought out and coherent strategy that makes a systematic attempt to exploit their capabilities. In particular, a policy that systematically connects the priorities of East/West relations with the priorities and perceptions proper to North/South relations seems to be wanting. For this reason, instead of harmonizing to form a homogeneous whole, these two broader "conflicts" are largely and mutually contradictory. Despite the evident interest of all the industrialized nations in a common strategy for economic development, energy security and nuclear non-proliferation, these common needs do not become common policies, not only among Western countries, but also between East and West. In certain cases (non-proliferation) policies are sketched out, but the follow-up on them remains of doubtful effectiveness. In other cases (energy) they are not even sketched out.

Although, in fact, East/West and North/South problems interact to a large degree, creating evident political problems on a global scale, they are often addressed in the various

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governments of the industrialized nations by different people, with different methods, different priorities and different criteria. The interaction finishes by being recognized only "downstream", when the crisis is already full-blown and the only remaining instruments are "surgical".

This state of affairs has, up to now, been most harmful to the West, but we can predict that in the near future it will also hit the Socialist countries (which are beginning to feel the problems of the energy shortage, inflation and excessive military commitments, which we have experience of already). In their case, the impact of these crises may have even more devastating effects and in a shorter period because of the greater poverty of their economies and the rigidity of their internal political systems.

Today's crisis between the United States and Iran has revealed the growing self-paralysis of even large-scale intervention forces because the international political picture is too complex and because these forces are, all things considered, inadequate to reach the primary objective (liberation of the hostages). But it has also revealed the rapid deterioration of all the other traditional instruments of mediation and crisis management.

The crises and wars going on in Ethiopia, Lebanon and Cambodia have all called for a high level of military involvement, which, nevertheless, has finished by getting bogged down in long guerrilla warfare which prevents a pull-out.

The sole crisis which even today seems to demonstrate the vitality of the diplomatic approach is the Rhodesian.

It is not the task of this brief presentation of issues to draw conclusions. But purely as an indication, from what

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we have said to this point, it would seem that:

a) the trend toward a growing availability of intervention forces can be confirmed. But these forces will require more and more attention and spending without, necessarily and always playing a decisive role in solving many of the crises in which they could be involved;

b) the trend in the West toward greater self-control is also confirmed. This is perhaps producing certain good results (in the Middle East, Africa and Asia), but it leaves untouched the problem of a growing international military presence of Warsaw Pact countries and growing military tendencies in many Third World countries. It is, therefore, unlikely, that this can continue for long without doing great harm to the international position of the Western countries;

c) we should not have absolute faith in military instruments taken alone, even though the use of political-diplomatic and economic instruments has been very limited up to now. We may, however, suppose that this use may improve in the future;

d) it is now evident that the problem of North/South relations has become a very significant element in East/West disputes.

Stefano Silvestri