

The Future Dividend or The Outer Limits - not a Peace Dividend but Burden Sharing

by Dr. Angelika Brinkmann

The 1963 anthology-type science fiction program *The Outer Limits* had a different cast each week. There was a tendency towards hard science, space travel, and human evolution. In each show it tried to examine some form of the question, What is the nature of man? The 1990s TV series by the same name took a journey into the unknown.

In 1972 the Club of Rome published a much talked about study, 'The Limits of Growth', which brought the manmade problems of the environment to attention and raised a lot of initial interest.

(www.clubofrome.org) At present protesters take to the streets in France to protect their 'régime speciaux' (special benefits system) and in the U.S. 47 million Americans do not have health insurance. Are these facts related, and how could a solution be brought about? This essay tries to find out, and to discuss the thesis.

The framework set forth in this essay seeks to pull together otherwise disparate strands into a coherent theoretical whole. First, it briefly reviews some of the major developments of the past 40 years with special emphasis on the dynamics and contours of the changing global political economy. Second, in order to set forth the framework that follows, it describes, two philosophical schools because they may serve as an example of the antagonistic state of affairs we see today and therefore may indicate possible solutions. Third it discusses the theory of collective action and its possible relevance to the concept of a future dividend. Fourth, it introduces several aspects of the global economic situation which resulted in some of today's problems. Fifth, it presents a definition of the peace dividend which relates goals of the other decades. Finally, a concluding section examines the implications of this effort for the future and the study of domestic, economic, and international politics .

Thus, questions concerning the changes of transnational and national networks assume greater importance. What are the interconnected changes in social forces within and across nations? What does this imply for burden sharing and how could it be used for a future dividend?

Bonfire of the amenities

In the life of a nation but also of the world at large, a lot of energy and eagerness has been invested to conquer the future, and the passage of 40 years assured a dynamic change.

From 1925 to 1950 Europe and the [U.S.A.](#) went from a start-up-era prosperity into depression and war, with the U.S. to emerge as a superpower beginning to rebuild a world turned upside down. An exhausting Cold War with the Soviet Union and a rather dissociative hot war with Vietnam dominated the next 25 years for the U.S; but that period also saw the U.S. finally end legal discrimination against its long-oppressed black minority and launch mankind to the moon. The past 25 years can be seen as a remarkable period for human progress in Europe, Japan, and the U.S..

What were the key international elements in the post-1945 regime of accumulation which generated uniquely rapid economic growth throughout the industrialized capitalist world? Four come into focus:

1. Construction of a U.S.-centered economic, security, and political structure for the non-communist world, ensuring peaceful conditions at the capitalist core (in sharp contrast to the 1914-1945 years).
2. Closely related to that the ability of the U.S. to maintain the growth of global aggregate demand through its balance of payments deficits, partly generated by heavy overseas military expenditures.
3. A substantial congruence of ideas, institutions, and policies among the leading capitalist nations, in a system of "embedded liberalism".(Ruggie, J.G. :International Regimes, Transactions and Change-Embedded Liberalism in the Post-War Order.in: International Organization, Vol.36,pp.379-415) This

involved the emergence and consolidation of ideology of the “mixed economy,” which, along with the rise of the Cold War, was important in the reconstitution/or creation of the legitimacy of the liberal-democratic form of rule in the West and in Japan.

4. Cheap and plentiful supply of raw materials, especially oil and other forms of energy.

Further along came a stock market crash, two Iraq wars, 9/11 and credit crunch in financial markets. Since 1982 when one of the worst recessions since the Great Depression had left one-third of the U.S. industrial capacity idle and sent unemployment up to 11%, the market has soured an astonishing eighteenfold, reflecting the longest time of economic growth in U.S. History.

A firework of advances in medicine and technology has extended the lives of thousands and created a world of personalized communication the world has never known before. The Internet, computers and cellphones have revolutionized life at the office and at home. (A very detailed analysis of the implications are discussed in: Friedman, Thomas L.: *The World is flat; A Brief History of the 21st Century*, New York, 2006)

The absence of a world-wide destabilizing war contributed immensely to this process. Here are some facts: From 1938-1950 the average growth of real GDP in Latin America was 4.6% while it was 1.3 for Europe, Japan and the U.S.; with the latter managing an average of 5.0% for that period. (Maddison, Angus, ed.: *Latin America, The Caribbean and the OECD*, Paris 1986, p.12) From 1950-73 economic growth and reconstruction in Europe and Japan caught up: 5.4 versus 5.0 for Latin America. After the second oil shock growth in OECD countries slowed down, but even more so in Latin America (ibidem)

Historical analysis by the same author indicates that within the last millenium the world population grew 22nd-fold, per-capita-income 13-fold and World-GDP nearly 300-fold. A disparity of galactic proportions. Maddison tries to explain these differences by contrasting different pairs of terms like conquest and settlement, international trade and capital movements, technological and institutional innovation. Obviously, the most dynamic time is the second half of the 20th century especially from 1950-98. (Maddison, Angus: *The World Economy; Vol. 1 A millenial perspective, Vol. 2 Historical Statistics*, OECD, 2006) If the First World gained that much through the absence of a WWII, it may be legitimate to ask: Where is the payoff (or the beef?!)?

It is important to note that all this progress has not brought universal peace, social equity or long-term prosperity for all. The 21st century presents a distinctive set of problems. It has made the term “Globalization” a household name. It has kept prices low for European and U.S. consumers ,but left thousands of workers behind as manufacturing and service jobs have moved overseas. Income inequality is the most severe within most of the G7 in nearly a century. The percentage of poor households in Germany is rising to high levels despite a “Grundsicherung” (basic income) for people with low income and no or little pension.

In the U.S., the number of people without health insurance keeps rising (at present 47 million). A gigantic problem of rising costs for social security, health care, and care for the elderly poses a threat to the hard-earned prosperity of many G7 nations. Attempts to address these issues regularly fall victim to political blockade.

A look back in philosophy.

Sideways

Rather late Europeans got to know about Chinese philosophy, via Venetian merchants, among them the famous Marco Polo. Upon his return, his reports received little appreciation or were doubted altogether.

Gottfried Wilhelm Leibniz (1646-1716) was the first significant European philosopher who recognized the greatness and cultural excellence of this faraway world. He tried to have relations established between China and Europe by suggesting to the tsar, amongst others, that for the sake of science an overland route be built through his country to China.

He compared intellectual, spiritual, and moral values of China to those of Europe, and concluded as

follows:

Our situation seems to be of such a kind, with corruption of morals increasing immensely that I nearly deem it necessary to have Chinese missionaries sent over. For this reason I believe appointing a wise man as a judge... over the superiority of people would hand the golden apple over to the Chinese.

The external devastations of the 30-year war (1618-1648) had led to great spiritual deficits in Germany. Leibniz' system shows some inconsistencies. On the one hand they are made up of those which come to a halt possibly because Leibniz never came to an end with his thoughts; but he could have accomplished these thoughts via a consistent performance. On the other hand are those circumstances which occurred through his specific intermediate position to stick to deep-rooted religious beliefs and recognition of the understanding of nature which had to come along as necessary prerequisite.

Leibniz was of a universal spirit who, according to his own reference, discovered a true core in former philosophies. A great deal of his magnitude - if not with complete success - is owing to his talent to unite and merge seemingly excluding issues. His major notions upon which the system is built and which also take a leading role in those developments following Leibniz have been summed up as follows:

1. The notion of a universe completely based on reason, meaning its having a logical regularity.
2. The notion of an independent, autonomous meaning of individuality within the universe.
3. The notion of complete harmony of all matters.
4. The notion of a universe infinite in terms of quantity and quality.
5. The notion of a mechanical universe.

Leibniz did not leave behind a 'philosophical school' because he did not teach publicly and did not give a systematic exposition. His thoughts probably never would have had their far-reaching effect soon after his death had it not been for one of his successors, Christian Wolff (1679-1745), a professor in Halle and Marburg. He attempted to bring together Leibniz' ideas to a fully developed system and made it known to a broader circle.

Leibniz was the first representative of the theory of Enlightenment in Germany. In Germany, Enlightenment simultaneously peaked and also declined with Kant. It is known that in the 18th century Enlightenment in Germany had been less radical than in France because it did not result in a comparable revolutionary movement.

It is in his 'Logica Mathematica sive Mathesis universalis sive Logistica sive Logica Mathematicorum' that Leibniz expresses this revolutionary (therefore incomprehensible at his time) thought: It should/ought to be possible to develop or find a mode of procedure in thinking where the meaning of individual elements of a certain context of thoughts is not at all important; it should rather be the form in which they occur which would be of importance. This should take place in such a way that the person dealing with it in the mode of a mathematical calculation strictly by the established rules of this calculation

This ingenious thought already appeared with the philosophy represented by Descartes or Vieta, Leibniz only touches it. It was within the course of the 19th century that this notion was fully appreciated with the support of George Boole (1815-1864, England) and Charles Sanders Peirce (1839-1914, from the U.S.)

John Dewey (1859-1952) a socially engaged pedagogue, represents the American pragmatism. Major works are: *Democracy and Education*; *How we think*; *Ethics*; *Human Nature and Conduct*; *An Introduction to Social Psychology* *Experience and Nature*. (for more on Dewey, <http://dewey.pragmatism.org>) He also studied Leibniz and brought up criticism of Leibniz's ideas, specially the aforementioned contradictions. I.e. "that he adopted...the principles of identity and contradiction as sole principles of the only perfect knowledge." (Dewey, John: *Leibniz's New Essays Concerning the Human Understanding: A Critical Exposition* reprinted by Hillary House Publ. Ltd, New York, 1961;)

Dewey therefore stated "that there is constant conflict between the method and content of his philosophy, between its letter and its spirit. The contradiction is a twofold one. The unity of the content of his philosophy, the conception of organism of harmony, is a unity which essentially involves difference. The unity of his method is a formal identity which excludes."(p.241)

But he concludes with respect to Leibniz' achievement regarding his notion that substance is activity,

that the universe is an inter-related unit; and that Leibniz' objectives were brought to success by methods discovered through Kant and his successors.(p. 272)

Dewey regards the process of thinking as an instrument for action. Thoughts are of instrumental value only. His philosophy is also referred to as instrumentalism. Development and growth are key words to describe Dewey's interpretation of the world. They also form a standard of 'Ethics'. The final purpose of life is not perfection, but the eternal on-going pursuit of perfection, maturity, and improvement.

Roughly speaking, Leibniz, with the experience of the 30-year-war in mind, represents initiation for search of new interrelations between peoples and societies, whereas Dewey describes the transition from a more agricultural society to the newly industrialized, engineering, and knowledge-based century.

The Theory of Collective Action and the Peace Dividend

In 1965 Mancur Olson first published *The Logic of Collective Action* in which he explained why rational, self-interested individuals often fail to promote their common interests. Olson demonstrated that, if those who do not contribute to collective action cannot be excluded from its benefits, each individual has an incentive to enjoy the goods produced by others without providing any himself. Since this is true for all members of a group, collective action is rarely undertaken by large numbers of individuals acting independently. For small groups, the situation is more complex; there may be voluntary action in support of a group's objective, but the quantity of the public goods supplied tends to be less than optimal. Furthermore, though strategic interaction and bargaining complicate predictions regarding the contributions of individual members, there is "a surprising tendency for the 'exploitation' of the **great** by the **small**, who do not pay proportionally to the benefits they receive. (Olson, M. *The Logic of Collective Action*. Cambridge: Harvard University Press, 1971, p.3)

This theory obviously is important when e.g. looking at the issue of burden sharing and NATO. Burden sharing in the North Atlantic alliance has interested political scientists and economists for more than two decades for the light it sheds on the problems of international cooperation and the provision of collective, or public, goods. The distribution of defense expenditures among the allies is, of course, also very important to policy makers and citizens of the allied countries. Discussion of the balance between contributions and benefits within the alliance has most often been initiated by Americans, though Europeans at times have taken the lead.

A nation is bearing a relatively light burden if the resulting figure is less than one: the smaller the number, the greater its free riding. If a nation's defense burden is greater than the NATO average, it is being exploited in a certain way in which Olson used the term. He did not specify how a hegemon's relative decline would affect its provision of a public good. But there are dynamic implications of his exercise in comparative statistics that are suggestive; for he did consider the pursuit of a collective good both by small groups that have one member very much larger than the others who can profitably provide the good itself, and by groups of few members roughly equal in size. In the first case, the group is uniquely privileged, and Olson argued that in the extreme the hegemon would bear virtually the full cost of collective action.

In the second case, if the cost is not trivial, strategic interaction and explicit bargaining are likely to be important, whether one or more of the group's members can profitably provide the good or not: Each has a strong incentive to convince others to contribute, and the size of the group facilitates its efforts toward his objective. Consequently, burden sharing is apt to be more equitable. These contrasting cases suggest that a hegemon's contribution to collective action and its exploitation by smaller members of the group both should decrease as its preponderance declines. (Olson, M: *A Theory of the Incentives Facing Political Organizations. International Political Science Review Vol. 7: pp.165-89*) Empires used to be another major factor in international politics (e.g. Roman Empire). Whereas the

latter exerts influence on domestic conditions of dependent states, a hegemon does not.. (A detailed analysis of the historical role of empires is presented in: Herfried Münkler: Imperien. Die Logik der Weltherrschaft – vom Alten Rom bis zu den Vereinigten Staaten, Berlin, 2005).

The theory of collective action continues to provide valuable insights into international cooperation and the behavior of nations in alliances. The correlation between economic size and the defense burden for all the European countries of NATO has virtually disappeared, but this does not mean the theory is invalid or no longer applicable. The United States' commitment to the alliance, upon which the strategy of deterrence has largely depended, apparently remains credible, in part perhaps because the effects of declining hegemony on the United States' willingness to contribute to collective security have not been more dramatic. But, Olson's theory does only capture the post-war international system whereas now we have entered a post-collapse period. Will there be an endless transition period or how long could it take? Further analysis is needed to come up with a theory not only encompassing the transition period but also a more stable post-collapse system.

The theory of collective action has been used to explain a variety of phenomena, including the behavior of voters, the interaction of oligopolists, the operation of unions and interest groups, and environmental politics. Such applications has been the study of cooperation among nations, particularly in alliances (Oppenheimer, J. Collective Goods and Alliances. *Journal of Conflict Resolution*, 1979, Vol. 23, pp.387-407 because the theory "is most relevant in systems characterized by a low level of organized or institutionalized coercion. In short, it is made to order for the student who wants to know why nation-states behave as they do."

If the theory is accepted, what light is shed on the future? In Britain, each year, the concert series known as the proms, ends with 'pomp and circumstances'. This march celebrates the once seemingly rise of the British Empire to a present decline. With the U.S. the still remaining superpower, given the shaky situation of today's financial markets – not to speak of the situation in Iraq, it is a question of the future how relevant U.S. interests and actions will be. While its power relies most on military strength, its economical importance that of the European Union. Other parts of the world, like South-East Asia, New Zealand/Australia have far less developed military programs.

Certainly, the United States would be expected to continue to bear a disproportionate burden if its hegemonic position does not slip further. If it grows faster economically than its allies, its share of total defense expenditures and its defense burden relative to the NATO average would also presumably increase. After the fall of the Berlin Wall it was the Europeans who wanted the U.S. to stay within NATO. But the situation is not all that comfortable at the moment. All through the post-war period NATO maintained its stability. Starting with the war in Kosovo and more so with the war in Afghanistan and Iraq the alliance has been tested to its limits. Kosovo was a manifestation of the difficult decision-making process within the command structure. The rapid deployment force is not ready as planned and defense expenditures are reduced. But the interesting question concerns the likely effects if this trend persists and the preponderance of the United States continues to decline. It follows that a discussion within NATO on where to go and where to spend its money would help shift money to any kind of future dividend one would want. One important step toward that direction has been made: U.S. Congress finally published a study on the true costs of the war in Iraq.

(<http://www.cbo.gov/ftpdocs/86xx/doc8641/09-20-ConradLTpresenceinIraq.pdf>) CBO (Congressional Budget Office) projects that the war costs could reach 1trillion dollar over a period from 2009-2017.

Transformers or Interdependence of domestic and international policies

The realities of interdependence dictate that the ability of governments to pursue domestic policies effectively is influenced and constrained by developments in the international system. It is equally evident that the realization of international objectives depends meaningfully on domestic politics and economics. Obviously, international and domestic politics are interactive. Policy made in one area spills

over into the other. Governments act at home to meet international challenges and abroad to solve domestic problems, often simultaneously. What are needed are conceptual frameworks that address not only the impact of one on the other, but the interplay between domestic and international factors.

The growing interaction of international and domestic politics complicates the task of state officials seeking to realize objectives in both realms. In both the advanced industrial and the less developed worlds, the realities of interdependence require that the ability of governments to pursue domestic economic policies effectively is influenced and constrained by development in the international economy. The success of domestic policy relies increasingly on the global performance of the nation-state and on the ability of state officials to secure an accommodating international environment. Across much of the globe governments have come to rediscover the significance of the domestic economy to the pursuit of international power, and consequently have sought to restructure or revitalize the former.

The concern with power and wealth creates two domestic strategies all states must pursue. First, state officials mobilize resources and intervene in the economy to stimulate economic growth and enhance the wealth of society as a whole. The state, in other words, performs a role in the economy similar to the "encompassing coalitions" identified by Mancur Olson (Olson, M., *The Rise and Decline of Nations: Economic Growth, Stagflation and Social Rigidities*. New Haven, Yale University Press, 1982)

In summary, all states seeking to survive possess the international goals of power and wealth, from which the need for internal mobilization and extraction follow. They also possess the domestic goals of control over resources and the preservation of legitimacy which suggest the international strategies of external extraction and validation. This inventory of state goals and strategies provides systematic reasons why states, seeking to advance their own interests, will move across the domestic-international divide. It is in this respect that a future dividend as a financial market instrument could assume an important role in solving problems with social security, health care or the environment.

At the moment, financial markets are experiencing a difficult situation so it may be a little challenging to envision a financial market instrument and how it could be organized. But there are examples: First there is the emission trade agreement, started with the Kyoto protocol and recently revised. (<http://www.mpsge.org/mainpage/permittrade.pdf>) Since 1976, there also is the Alaska Permanent Fund (APF), a constitutionally established fund. The APF sets aside a share of certain oil revenue to continue benefitting current and all future generations of Alaskans. (<http://www.apfc.org>) Basically it would be like a municipal bond, only on a global level. It could work similar to the blue-sky-memorandum which is prepared first in preliminary form; it may note that certain steps need to be taken in various jurisdictions in order to qualify the issue for sale within these jurisdictions. It could be set up as a public investment within a new economic feature; almost certainly public money will be involved. Whereas the APF refers to a raw material, Kyoto relates to a more 'immaterial good' such as a healthy environment. The Future Dividend should appeal to the universal good 'security', but in this case in the sense of social security and health care.

In sum: The major challenge will not be finding a market instrument but agreement on the preliminary: All participants agree to shift a major amount from say, military expenditures towards the future dividend. Even though it should have universal reference, each participating state has individual authority on what 'issues' it is going to be used (e.g. to sponsor health care, social security etc.) It can be given to local authorities who then can issue new 'munis'. But as Kyoto, as demonstrated, the most important and probably difficult step is to come to an agreement. The Future Dividend needs a new form of collaboration.

Raiders of Lost Wealth or States, National and International Markets and the Power of Capital

Both markets and states long preceeded industrial capitalism, but the latter was historically associated with the growth of integrated capital markets. Both the emergence of wage labor markets (as marxists point out) and the emergence of elaborate capital markets can be seen as a defining feature of capitalism.

Historically, markets have required some form of political organization and protection, normally provided by the states. By the same token, governmental institutions require finance, which creates an added interest in both facilitating and regulating markets, for example to obtain taxes. However, extensive regulations and restrictions often lower profits and breed forms of evasion (such as smuggling, black markets, and financial “innovation”). The incentive for capital to evade controls is greater if national regulations vary, especially if technical obstacles in transport and communications are reduced – that is, as capital becomes more mobile.

There is an evolving dialectical relationship between the nature and scope of markets and the forms of state regulation, especially as knowledge, technology and transportation change. The dialectic involves both domestic and international dimensions of state activity, which seek to reconcile the potentially global reach of economic activity with the socially and territorially specific aspects of political rule. Political rule is circumscribed by the problems of legitimation, mobilization, and communication in political time and space. Thus, capital as a social relation depends on the power of the state to define, shape, and participate in a regime of accumulation. Capital as a social relation means the contrast between those with substantial or even privileged ownership, control, or access to both financial and physical assets, in contrast to the bulk of the remainder of society (most of labor and their dependents). The widening of the scope of market in the 1980s and especially in the 1990s and thereafter, along with certain changes in technology and communications, contributed to the rising structural power of internationally mobile capital. By contrast, the state as an institutional and social entity also creates the possibility for the limitation of such structural power, partly because of the political goods and services which it supplies to capitalists and the institutional autonomy it possesses.

In the past, the power of capital implied in the new international division of labor might have been countervailed to a certain extent. In the 1950s and 1960s organized labor was relatively strong in the core states and appeared to have the potential to organize internationally. By the 1980s, this potential was substantially undermined. Unionized workers of different states found themselves in a similar position to that of their national governments, that is, competing to attract foreign investment. With regard to the structural power of capital, the key contrast at the international level is the relative mobility of capital and the relative immobility of labor in most sectors of activity. However, it is important to qualify this point in respect to skilled knowledge-intensive labor, which is often internationally mobile, at least between capitalist countries. Certain high-technology industries, where transnational corporations often predominate, the U.S. and to a growing extent India, have been able to draw talent (scientists, engineers, managers), from many other countries. The same applies to that most knowledge-intensive 'industry', academia. Such skilled labor is crucial to the economic strength of both countries and transnationals. A different reason for the spread of capitalism is given by Gregory Clark. He attributes the expansion of capitalism from England to the world at large to the characteristics of population growth (Gregory Clark: *A Farewell to Alms. A Brief Economic History of the World*, Princeton, 2007).

While the sectoral shift and the international transformation it is linked to would appear to have set back the prospects for international trade unionism based upon traditional workers' organizations, in several respects it opens up the prospect of a wider incorporation of workers and other interests, including foreign governments, into a transnational historic bloc. First, many service subsidiaries, because of the intangible and perishable nature of service activity, carry out activities similar to those of the parent company and often offer higher rates of pay than their national competitors – that is, skill levels are not centralized in parent companies. Second, skill levels spread to host countries and represent a considerable transfer of skills and technology. Third, transnationals are rapidly building affiliate networks. Finally, these activities appear to offer considerable growth in employment opportunities for the future. There is also a struggle under way for the hearts and minds of the growing numbers of non-traditional members of the working class. They may see themselves as middle class, even though most of their current income derives from the application of their labor rather than from property and financial assets.

Neither peace nor dividend

In theory, the peace dividend was to be beneficial to all parties involved. However, it may be a response to other shortcomings, in such a case, the peace dividend reflects at least in part a lack of conceptual policies in areas such as social politics (education), economy (employment/lack of qualification), and the net effect on such areas as social politics or environmental issues compared with the present situation can be negative as well as positive.

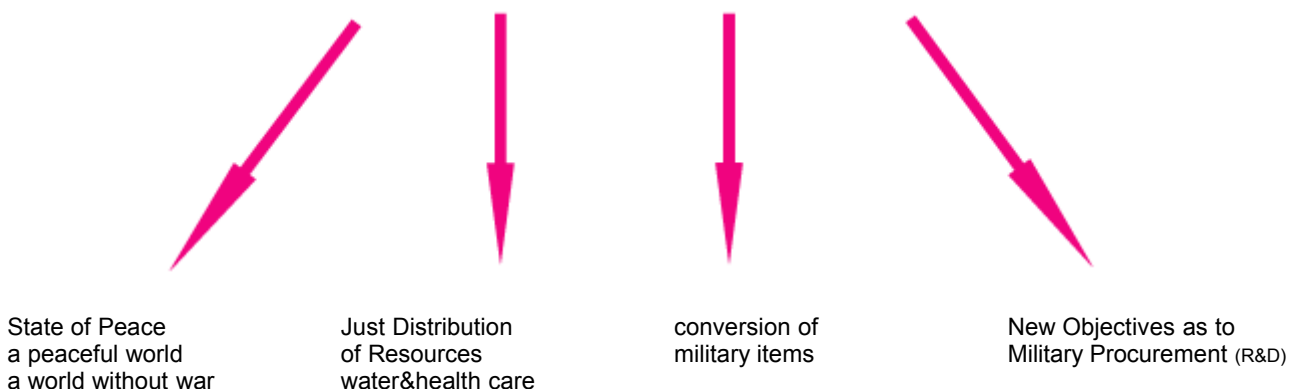
In order to come up with a judgement, a definition has to be laid down. Looking at the term peace dividend one realizes that it consists of two words which represent a contradiction to themselves. From a historic point of view, the term 'peace' has had different meanings. The Hebrew-aramaic 'Schalom' meant the individual well-being as a result of being embedded in the alliance of the people and God Jahwe. For the old Greeks, the term 'Eirene' indicated the special conditions under truce. The Roman 'Pax-Romana' was conceived as the legal form, regulated administration of power and a legal norm between former hostile nations. The Germanic word 'Fridu' marked the realization of peace within the community, where honor, fidelity, feud and vengeance were of major importance both inwardly and outwardly.

Today the term peace has been adopted by nearly all political parties and groups; yet it is still not very clear – or willingly not defined – precisely as to what it exactly means. Although there is a great number of publications and literature there is no homogenous and compulsory definition to be found.

So far, two basic lines of thought have been arrived at: a positive and a negative one. The latter defines peace as the absence of war. But according to the basic law of Germany, there is more than that to peace. Article 1, paragraph 2 states that a violation of human rights of any kind (i.e. Slavery, torture, terror, mass poverty etc.), in short: all kinds of structural and personal violence are contradictory to peace. This definition represents a broader, positive explanation of the term peace. Even if dictatorships would give up outward-oriented violence, they would still uphold terror domestically as a means of politics. To a certain extent this is also true for the relations between North and South.

The other part of the word has an economic implication. It is in this sense that it is mostly used in the First World: to imply that major cuts in the defense budget will occur so that other areas (environment, education, development programs) could profit from it. Proceeding from the economic meaning, four major 'shares' in the peace dividend emerge (see chart). A closer look at those shares should reveal the prospects of a 'dividend' which may be transformed to as a 'future bond'.

The many shares in the peace dividend



Not Utopia but Disturbia - About a Just Distribution of Resources

Various crises require a closer look at this issue. Hunger, death, mass poverty are still every day reality in much of the 3rd World. An increase in the world population is likely to reinforce these problems. A shortage of food, fossiles, water, and energy and reduced availability of pasture-ground coinciding with high defense budgets is likely to delay any kind of dividend. Development without or with little growth is prevailing in many parts of the world. The strategies to counter these problems – as suggested by the First World – reduced domestic consumption, export-led production, and “free-market” policies are not leading to sustainable growth and integration into the global community. Many of the developing countries are confronted with a heavy debt burden, due to large capital outflows, with a deteriorating environment and a growing population. Production has been widely instrumental for export, not consumption.

The north is the largest consumer of raw materials, producer of the greenhouse gases, and exploits the instability of the Third World. So, a 'Marshall-Plan' for the Third World is needed. The industrialized countries could

- establish a mechanism to provide required funds and resources
- provide means of helping to establish the technical and organizational capacities in developing countries
- organize a security system that would allow these countries to pursue these developments.

Unlike in the movie Logan's run, we cannot outsource everybody over 30, neither should we outsource vegetation to outer space like in the movie 'silent running'. But the industrialized countries need an emergency plan for themselves especially regarding its energy problems, or as Sigmar Gabriel, German Minister for the Environment put it: this should be our “man to the moon project”. Here is what they could do.

- to change patterns of their resource utilization (i.e. consumer habits)
- to bring about a different policy which considers environmental issues
- to develop an environment and resource-saving technology on a broad scale and to transfer this technology to the developing countries
- to support regional self-reliance and regional environmental management

Much has already been said about energy, so here are some facts about water: Eleven of the last twelve years (1995-2006) rank among the twelve warmest years in the instrumental record of global surface temperature (since 1850). Rising sea level is consistent with warming. Effects are:

- decreasing water availability and increasing drought in mid-latitudes and semi-and low latitudes
 - hundreds of millions of people exposed to increased water stress
 - in Africa, by 2020, between 75 and 250 million of people are projected to be exposed to increased water stress due to climate change;
 - in Europe, climate change is expected to magnify regional differences in Europe's natural resources and assets. Negativ impacts will include increased risk of inland flash floods, and more coastal flooding and increased erosion; in southern Europe, climate change is projected to worsen conditions and to reduce water availability, hydropower potential, summer tourism and in general crop productivity.
 - In North America, warming in western mountains is projected to cause decreased snowpack more water flooding and reduced summer flows, exarbatating competition for over-allocated water resources.
- (http://www.ipcc.ch/pdf/assessment-report/ar4/syr/ar4_syr_syr-spm.pdf)

The role of technology is of special importance in this case. It includes the use of certain materials, production methods, choice of products, input of energy, and raw materials. The choice of technology and of other components of the production system is an outcome of the peculiar socio-economic order of a society, reflecting its norms, goals, and ideology. Technologies are not neutral – they are multifunctional. It is not simply the excess use of raw materials but the existing trade-imbalance between north and south that causes problems. The other 'resource' we have to consider is the capital

given to the Third World countries. There are basically two categories of developing countries:

- those with environmental-based products (minerals, timber, agricultural produce etc.)
- and those countries which do not have any kind or very few of these resources.

But it would also mean to change the 'traditional' approach to development strategies: This traditional approach suggests to Third World Countries to

- reduce domestic consumption
- support export-oriented production
- pursue a 'free-market' economy.

It was a post-war mix of social democracy and the mixed economy which incorporated a range of class interest which sustained the merging liberal international economic order. It maintained its coherence and continuity for about twenty years after 1945; the appearance of continuity in this period can be considered to be deceptive, since certain contradictory forces were at work which would, in the long-term, erode the basis of the regime of accumulation and the integral nature of the associated international bloc. In a structural sense, what was occurring in the post-war period was the emergence of a globally integrated economy while political regulation at the domestic level was becoming ever more comprehensive.

There is much debate over a number of key questions, such as the welfare state, terrorism, India and China, and the regulation of global capital and exchange markets. What is apparent though, is that during the 1970s and 1980s the emphasis, certainly with regard to economic policy, has shifted towards a definition of questions and concepts which is more congruent with the interest of large-scale, transnational capital. Insofar as international organizations accept a framework of thought that serves the interests of capital, they were likely to exert influence and sometimes even pressure (for example in IMF loan conditions) on national governments of a sort which is congruent with that exerted by business.

A definition of poverty also needs to be addressed. Usually, it is victims of ethnic violence, starvation in Africa, and of environmental catastrophes around the world that come to mind. But with hurricane Katrina, the citizens of New Orleans also found themselves in this category because of the image resemblance. And what about health care?

For years, U.S. Americans have watched their health care system deteriorate. It is insurance companies that make decisions rather than doctors. Many who are uninsured go without care until they reach a point of having to visit an emergency room with the cost being dropped on the average tax payer. It is pretty obvious that the US needs a major recalibration/reorganisation of the health insurance system.

47 Million Americans (children and workers from every income level) lack health care at the moment. They are losing coverage primarily because there is fewer employer-provided coverage. But this also means that fewer people with health insurance at old age with many of them not being eligible for medicare. (http://www.usatoday.com/news/national/2007-06-18-texas-health-care_N.htm_N.htm.) But even those systems that have a kind of universal health care like the U.K. and Switzerland or the Netherlands face rising costs. And with regard to the U.K. the situation is a little different from the recent Michael Moore movie 'Sicko'. It may not cost to get to an operation, but the major cost is time. And the U.K system is famous for its long waiting time for an operation (say 2,5 years for a hip transplant), which is why those patients who can afford it travel to Germany for treatment. Germany has about 300,000 uninsured people at the moment.

Even with more coverage for U.S. citizens for most countries (UK, Netherlands, Switzerland, Germany) one problem remains: All countries are struggling with the costs. Just one recent example from Germany: A newspaper article described that members of the German Bundestag received a letter from Novartis Pharma GmbH, offering reduced payment for a certain medicine needed for the treatment of a special eye problem; instead of billions of euros they could only pay 315 mio euro. This disease is treated with a drug called *Avastin*, produced by Roche. Though the drug is usually applied in the treatment of colon cancer, as long as there was no alternative drug, its 'off-the-label-use' was allowed.

Now however, the company Novartis put the drug *Lucentis* on the market and doctors have to prescribe it. This turns out to be disastrous for insurance companies: The costs for one unit of *Avartis* is 50 euros, whereas one unit of *Lucentis* costs 1,500 euros, resulting in 32m euros per year for a treatment with *Avartis* as compared to several billion euros for a treatment with *Lucentis*. So why does Roche not ask for its drug Avastin to be licensed for this treatment? The reason is simple: The two companies Novartis and Roche are linked financially through partnerships, and therefore are not interested in sponsoring a drug that is cheaper than *Lucentis*. The federal committee of doctors and hospitals is presently working on a solution to this problem. (Berliner Zeitung, November 2, 2007, (<http://berlinonline.de/berliner-zeitung/archiv/.bin/dump.fcgi/2007/politik/0019/index.html?group=berliner-zeitung&sgroup=&day=today&suchen=I&keywords=pharma>)

With more and more people arriving at the retirement level care for the elderly will become a major focus. Many people cannot afford the huge costs of a retirement home; one only has to think of the recent negotiations in the U.S. the automobile sector on who and how to pay for health care and retirement benefits to imagine the problems ahead. And make no mistake: care for the elderly should not be a profit but an honor. It should be excluded from market mechanisms so care personal can be hired and not be reduced or exchanged for lesser qualified people.

Just like peace, poverty lacks a clear definition too. Poverty does not only mean poor by income; it can also be a state of mind, or to paraphrase a famous slogan: no integration without participation. A recent newspaper article came up with the following quote: "Poverty means living in the midst of others but yet at the periphery." Meaning, the angle determines the perspective. (<http://www.tagesspiegel.de/zeitung/Die-Dritte-Seite-Armut;art705,2394648>) [The author, Nadja Klinger is also co-author of another book on the topic: Nadja Klinger/Jens König: Einfach abgehängt, Ein wahrer Bericht über die Armut in Deutschland, (Simply detached; A true story about poverty in Germany, 2006, German only)

It follows that there can be no free market without independent players; only in a relatively 'balanced' economic environment (like the EC) can society profit from the advantages of a free market. As long as Third World countries are economically dependent on the First, the free market economy is a trap rather than a solution to their problems. But it is obvious that Third World countries also use trade to get hold of hard currency which is then used to buy weapons in return, which leads us to the next 'share'.

Conversion

It is widely agreed upon that the arms race had gathered a momentum of its own. The standard hierarchical industrial system in both the state and private-controlled variants is understood as the archetype of the modern conflict-producing economy. It is driven by the central-oriented development of the forces of production, and produces large surpluses at the disposal of corporate and bureaucratic powers. These institutions are difficult to assess by the public; they may take investment production and policy decisions without having to consider the need or the interest of the public. They also constitute the pillars of the military system as it stands today: uniformity, repeatability, predictability, mathematical quantifiability and command and control features. All of these have their origin at least in part in the requirements of the military system.

The military's influence on society's resources in terms of capital, innovative capacities, human skills, and raw materials particularly in the case of the superpowers. A peaceful economy is characterized by more than the (momentary) absence of war and war-related production. It can be called peaceful only in the absence of fundamental social, economic, political and ecological conflicts; meaning if it is not based on or does not lead to (permanent) conflicts between nations, along ethnic, gender, and class lines and between humans and their natural environment. While some conflicts may still be desirable, fundamental inequities and contradiction for unsolvable conflict and for violent conflict resolution are not.

Arms trade/export represents one connection between the just distribution of resources and the conversion share – although the line cannot be drawn that directly all the time. As one goal of developing countries is to get hold of 'hard' currency – one of the major reasons being the acquisition of weapons – arms exports and conversion are linked together. The concept of conversion very often implies that vacant capacities lead to conversion; but maybe this phenomenon rather presents an

obstacle to conversion. After WWII it was easier to diversify and integrate military engineers into civilian factories. Today, work is more specialized and it will be more difficult to transfer.

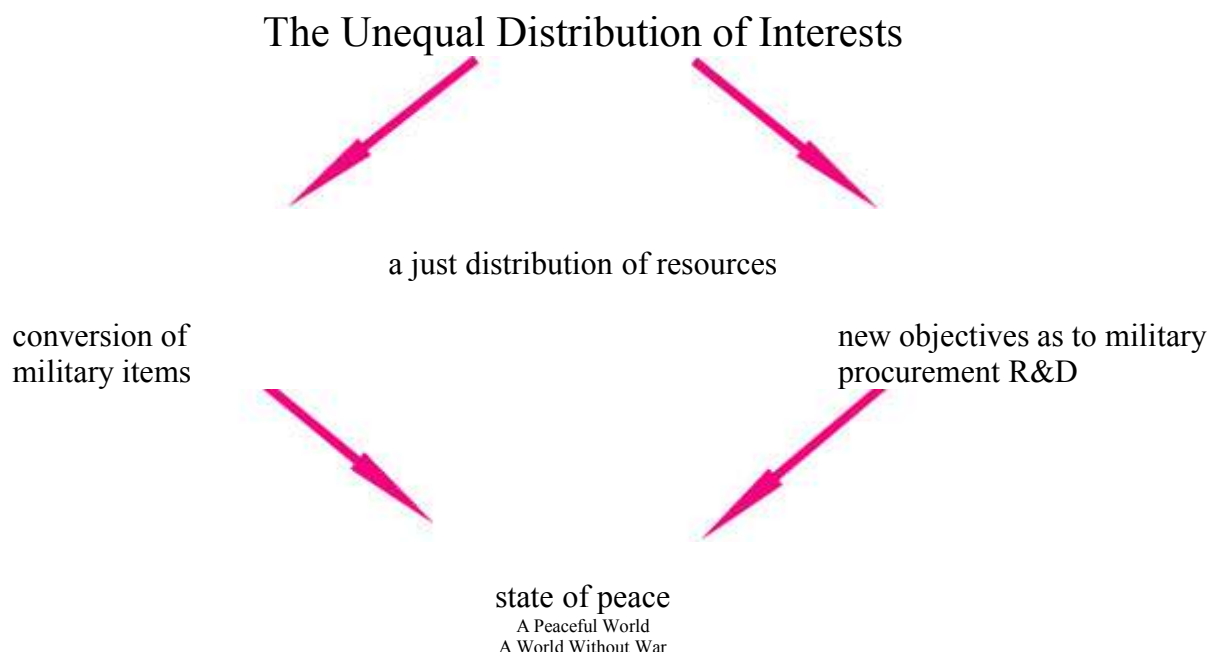
Military R&D

It is now commonly understood that technological change is political insofar as it is omnipresent, concerns everyone in society and therefore political questions as to technology appear at every corner. This linkage is especially obvious once it comes to arms control questions. The approval or non-approval of a fighter plane and its deployment, or the access and the acquisition of information technology and the effects on national security and foreign relations demonstrate the importance of technology in today's world.

A definition of terms has to precede in order to take a closer look at the problem. Military R&D usually means the military industrial complex of a nation, including highly skilled personnel and high-tech companies being involved in the production of military items. High technologies can comprise everything from sensors to laser technology. As already pointed out technology is not neutral but multifunctional and sensor technology can be divided into three categories: passive, active and interactive – based on the origin of the item's signature. Sensors provide information on potential items. They involve a receiver to collect energy emanating from potential targets, items to be counted, etc. This energy is known as the item's signature. In short: sensors have different information characteristics depending on their purpose. Some sensors are intended to provide long-range information that is passed on to other parts of a system; these sensors tend to be large.

The advancing complexity of modern weapons technology makes it even more necessary to use more components to form a new weapon system. But with ongoing innovations in the fields a large weapon system will be technically outdated as soon as it is completed. In the future we will see this not only happening with complete weapon systems but the threshold will be lower the 'smaller' the component will be.

To sum up the problem for military R&D and conversion for that matter: With ongoing innovations in the field of high technologies it will be increasingly difficult to find 'pure' military R&D. A shift towards more multifunctional technologies seems to be more likely due to the more complex weapon systems. It will also give companies more flexibility within their own production procedures.



Conclusions – The Future Dividend-Not a Galaxy far far away but the global level

The current changes in the international security environment are more profound than any other since the late 1940s. The emerging world is full of opportunities and dangers. Unlike the aforementioned TV series, we cannot change the world's population every week. Looking at the different 'shares' it appears that they form a heavy obstacle on the way towards a peace or a future dividend and to arrive at the final 'share', a decisively more peaceful world than today.

It is obvious that some shares are 'more equal than others': (see chart above). This chart was to illustrate the interdependence of the single shares. But it also shows that the world is far from being flat – it is full of bumps. The picture that best reflects a just distribution of interest – fueled by the future dividend - would be a star and the just distribution of resources would be its center, with the other shares contributing. This just distribution of resources also includes affordable health care, because all people deserve it not only affluent ones.

In order to achieve a trickle-down effect and a more peaceful world, the just distribution of resources has to be addressed first. Not only the attack on Kuwait in 1990 with the underlying demand for oil wells and more money, is a prime example for the economic frictions between north and south and among the south itself.

From the late 1970s to the mid-1980s the major capitalist states adopted macroeconomic policies premised on the 'war on inflation'. One explanation of the adoption of such policies is, of course the power of markets. However, there is nothing inevitable or automatic about a particular policy response to changes in market conditions or the business climate. What may have been crucial in the adoption of monetarism policies was the growing acceptance of a policy outlook among political leaders, as well as central and private bankers, which prevented significant alternatives to market monetarism from being contemplated, except in one or two major capitalist states, such as France.

The impact of increased capital mobility, and also of recessions, has worked to the advantage of large-scale transnational capital, relative to national capital. Transnational capital is not entirely dependent on the business conditions of one country as purely national firms obviously are. When a recession in one country occurs, transnational corporations can survive or prosper more easily than national firms.

Going back to the definition of peace one should also remember the old 'divide et impera'. This clearly illustrates the contradiction and the problems of the peace dividend, leaving us to wonder why the term was brought up in the first place. While it is possible to divide power in a democracy, it seems rather absurd to divide a 'universal' good such as peace because common sense suggests that peace should be equally distributed. This is asking not so much for a dividend but a different kind of 'burden sharing'. The situation is heavily lop-sided at the moment, with the Third World carrying the bigger part of the burden, with a greater loss of raw materials, outflow of capital and a heavy debt burden, while the First World is enjoying a fairly convenient lifestyle. But this is changing. The new burdens for the first world are of an environmental kind, as demonstrated by the last IPCC report. In this context, a look towards a papal message might offer new insights on how to proceed with the sharing process.

(http://www.vatican.va/holy_father/benedict_xvi/angelus/2007/documents/hf_ben-xvi_ang_20071111_en.html) We obviously pay with a deteriorating environment for our lifestyle. So, the emphasis would be more on peace than on dividend, at first. A just or equal distribution of resources with all the responsibilities of the First World attached could lead to a company of equal share-holders. Cuts in the defense budget will not lead to a peace dividend but an illusion; only by shifting money through burden sharing will we achieve our goal.

For this reason, developments in the media and in education may prove to be of major long-term importance. Apart from allowing for the generation of technologies and knowledge which allow for the coordination of economic and political activity these sectors of activity also embody both ideological and material structures which operate increasingly on a world-wide basis.

Usually, at times of great challenge leaders have managed to unify a nation in order to confront

problems. This is such a time! From a rising world economy that assures change on a scale of the industrial revolution, elected officials will have to grow past short-term political advantage to address the crises in social security, health care and environment. It will not be a time of comfort but it can still have a soft touch of consoling. One requirement is that elected officials and political leaders work past discussions and tackle hard choices that lie ahead. There may not be a pursuit of happiness that lies ahead but dignity and contentment.

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