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AVERTING CATASTROPHE: THE GLOBAL
CHALLENGE

REPORT

OF THE

SUBCOMMITTEE ON INTERNATIONAL
ECONOMICS

OF THE

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES



OCTOBER 10, 1980

Printed for the use of the Joint Economic Committee

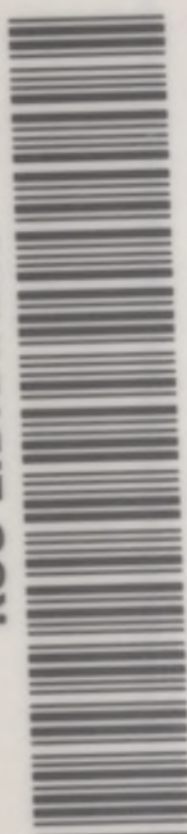
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(II)

LETTER OF TRANSMITTAL

September 30, 1980.

Hon. LLOYD BENTSEN,
Chairman, Joint Economic Committee,
Washington, D.C.

DEAR MR. CHAIRMAN: Transmitted herewith is a Report of the International Economics Subcommittee entitled *Averting Catastrophe: The Global Challenge*. This Report constitutes the first formal Congressional response to the recent *Global 2000 Report to the President*, the most comprehensive, long-range examination of the world's population, natural resource, and environmental problems ever undertaken by our government or any other government.

The major findings and conclusions of *Global 2000* are summarized in the following two paragraphs:

If present trends continue, the world in 2000 will be more crowded, more polluted, less stable ecologically and more vulnerable to disruption than the world we live in now. Serious stresses involving population, resources, and environment are clearly visible ahead. Despite greater material output, the world's people will be poorer in many ways than they are today.

For hundreds of millions of the desperately poor, the outlook for food and other necessities of life will be no better. For many it will be worse. Barring revolutionary advances in technology, life for most people on earth will be more precarious in 2000 than it is now—unless the nations of the world act decisively to alter current trends.

On July 24, 1980, in response to these findings, President Carter appointed a *Presidential Task Force on Global Resources and Environment* under the chairmanship of Gus Speth, Chairman of the Council on Environmental Quality, to develop courses of action to meet the challenges of *Global 2000*, and to report its recommendations by the end of January, 1981.

Averting Catastrophe: The Global Challenge contains seven recommendations to strengthen the directives to the Task Force and to point out areas of particular concern to the Subcommittee. In brief the recommendations focus on (1) the need for specific courses of action that go beyond our borders to include other governments and organizations, (2) the need for the Task Force to be receptive to bold, imaginative ideas, (3) the need for our colleagues in the Congress to play a meaningful role in the development of solutions to our global problems, (4) the need to involve private foundations and organizations in this effort, (5) the need for the Task Force to examine more

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carefully the relationship between economic development and the globe's resource base, (6) the need to dismantle barriers to the flow of capital and goods internationally, and (7) the need to examine the links between the arms race and our other global problems, and to estimate what could be accomplished in terms of meeting the *Global 2000* challenge under various arms reduction scenarios.

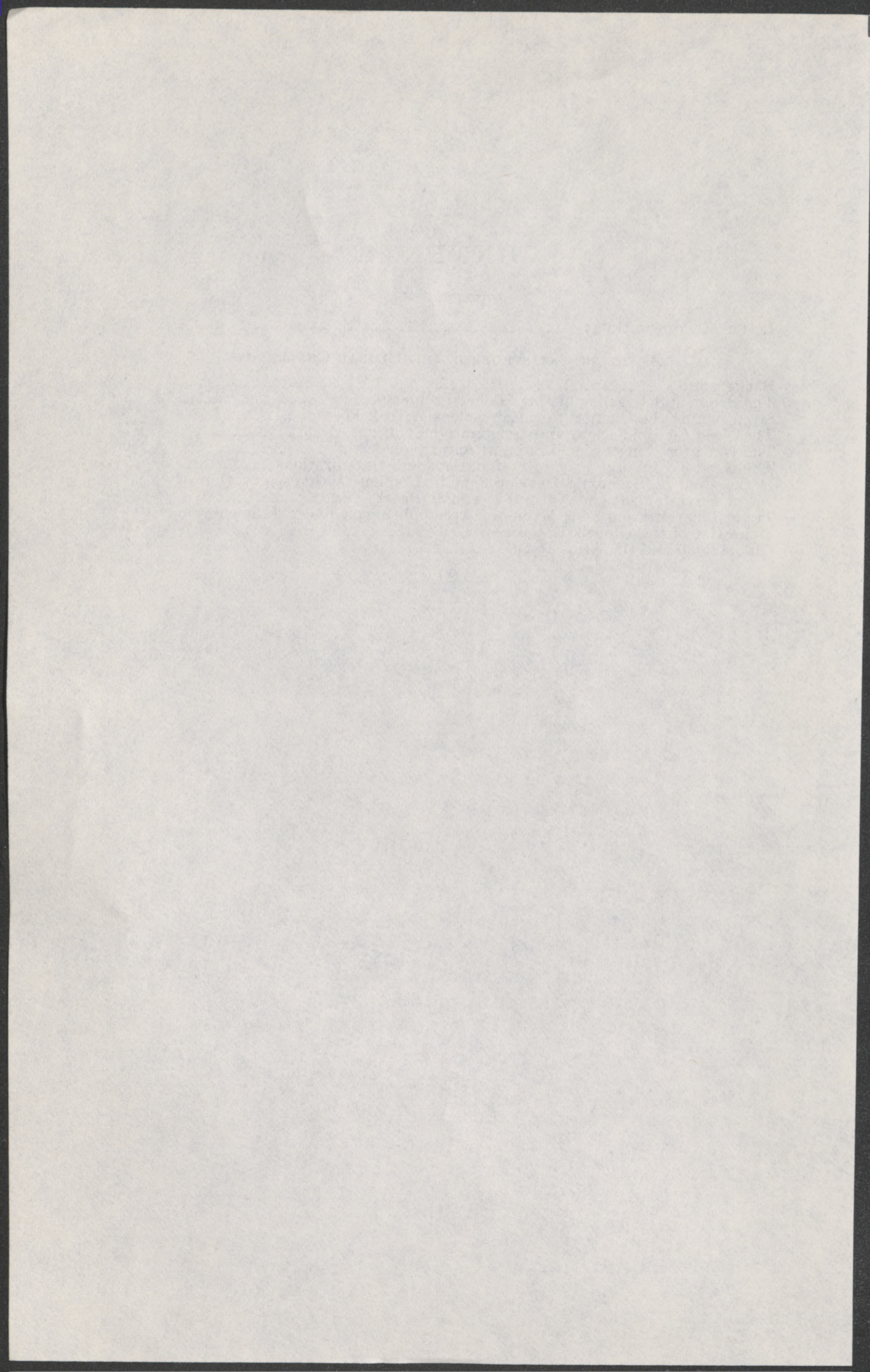
Sincerely,

HENRY S. REUSS,
*Cochairman, International Ec-
onomics Subcommittee.*

GILLIS W. LONG,
*Cochairman, International Ec-
onomics Subcommittee.*

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AVERTING CATASTROPHE: THE GLOBAL CHALLENGE

BACKGROUND

On May 23, 1977, President Carter, in his Environmental Message to the Congress directed the Council of Environmental Quality and the Department of State, working in cooperation with a number of other Federal agencies, "to make a one-year study of the probable changes in the world's population, natural resources, and environment through the end of the century" . . . to "serve as the foundation of our longer-term planning."

On July 24, 1980, more than three years after the President's directive, the long-awaited *Global 2000 Report to the President* was released by the Administration. Immediately upon release of the Report, President Carter issued another directive establishing a *Presidential Task Force on Global Resources and Environment* under the chairmanship of the Chairman of the Council on Environmental Quality.¹ The objectives of the Task Force, as stated in the July 24, 1980, directive are—

To ensure that high priority attention is given to important global resource, population, and environment problems;

To assess the effectiveness of Federal efforts in these areas; and

To assess ways to improve the Federal Government's ability to project and analyze long-term resource, population, and environment trends.

The Task Force was requested by the President to report "as soon as possible" with its recommendations "for problem areas needing priority attention"; and, further, to report "within six months (i.e., by January 24, 1981) and periodically thereafter on its progress and on ways in which Federal programs in these areas can be strengthened and improved."

On September 4, 1980, the International Economics Subcommittee of the Joint Economic Committee held a hearing to focus attention on the *Global 2000 Report*, and to address the issues of concern to the Presidential Task Force. This report of the International Economics Subcommittee constitutes our initial response to these events.

THE SCOPE AND URGENCY OF OUR GLOBAL PROBLEMS

Consider the conclusions of the *Global 2000 Report*, the most comprehensive long-range examination of the world's population, natural resource and environmental problems ever undertaken by our government or any other government:

¹ Other members of the Task Force include Secretary of State, Director of the Office of Management and Budget, Assistant to the President for Domestic Affairs and Policy, and Director of the Office of Science and Technology Policy.

6.4 billion people will populate the Earth, an increase of 55 percent since 1975. Fully 77 percent of that population—five billion people—will live in the Less Developed Countries (LDCs). Already crowded LDC cities will become more crowded: Mexico City will have more than 30 million people; Calcutta will have nearly 20 million; and Greater Bombay, Jakarta, and Seoul will all be in the 15–20 million range. And what will life be like for these teeming millions? Miserable. Most of the people in those LDC cities will live in “uncontrolled settlements”—slums and shanty towns where sanitation, water supplies, and health care will be minimal at best. And difficult as urban conditions are likely to become, conditions in the rural areas of many LDCs will be worse.

Will food production grow by an amount sufficient to sustain 6.4 billion people in the year 2000? The U.S. Government's globalists tell us yes, but then add that most of the increase will go to countries that are already well fed. For the LDCs, rising food output will barely keep pace with population growth; and for the poorest LDCs—in parts of the Mideast, Asia and Africa—a “calamitous drop” in food per capita will occur: More than one billion people—about 20 percent of the world's population—will not have enough to eat; and, “the quantity of food available to the poorest groups of people will simply be insufficient to permit children to reach normal body weight and intelligence.”

Rapid population growth and the increased incidence of poverty pose a serious threat to the globe's renewable resource base: Half the world's forests will be gone by the year 2000; arable land per person will decline, on the average, by more than one-third; the resources essential for agriculture will deteriorate further in many parts of the world, the result of enlarged desert areas (estimated to grow by 20 percent by the year 2000), increased soil erosion, further loss of nutrients, increased air and water pollution, increased salination of both irrigated land and water used for irrigation, and more frequent and more severe regional water shortages; and, between 500,000 and two million plant and animal species—15 to 20 percent of all species on earth—will face extinction, a rate of extinction unprecedented in human history.

From 1975 to 2000, petroleum reserves per capita will decline by at least 50 percent, and energy supplies generally will tighten further, an outcome that is all the more troubling in view of the Report's conclusion that virtually all of the increase in food production will be the consequence of a marked increase in energy-intensive inputs and technologies such as fertilizers, pesticides, herbicides and irrigation.

In the period from 1975 to 2000 the world's water supply will decline by 35 percent and its quality will deteriorate.

As grim as this picture is, there is evidence to suggest that these conclusions are overly optimistic. For example, the energy projections made in the *Global 2000 Report* were prepared in late 1977 using price assumptions that were quickly nullified by OPEC's 1979 price actions. The higher real price of energy now projected, by raising sharply the costs of energy-intensive inputs and technologies, suggests that food production will grow more slowly than the Report currently estimates.

Additionally, the higher real price of energy could raise the rate of deforestation (as more wood is consumed for cooking and heating); and hasten the loss of soil nutrients (as growing amounts of dung and crop residues are shifted to cooking fires).

It was also assumed in the Report that the world fish catch would increase at about the same rate as population, a projection that is likely to prove optimistic as well: The world catch of naturally produced fish actually levelled off in the 1970's and most estimates now suggest that the world fish harvest will rise little, if at all, by 2000.

Of course, it is also possible to argue that the Report paints too pessimistic a picture. The Report claims, for example, that land under cultivation will increase by only 4 percent by 2000 "because most good land is already being cultivated." However, some studies suggest that cropland could be 50 percent greater than today. In addition, many farm specialists believe that much food production is now so inefficient that improved management techniques alone could produce sizable yield gains; and technological advance could further greatly expand agricultural output per acre.

Moreover, the transition of the world away from petroleum dependence may occur more rapidly than was anticipated at the time the energy projections were made, in part because the real price of energy has increased so much more than was then anticipated, providing incentives to speed up the timetable of transition. And, according to many experts, aquaculture could, given adequate financial and technical support, raise sharply the production of fresh water and marine species—a 5- to 10-fold increase by 2000 according to the 1976 FAO World Conference on Aquaculture. Moreover, although the base of many natural resources will undoubtedly be further eroded, other resources will remain abundant; and many more mineral resources in our oceans, like manganese and copper, have yet to be tapped.

The point is that we have no clear fix on what is in store for planet earth in the year 2000. However, it was not the purpose of the *Global 2000 Report* to predict what will occur, but to project what could occur if today's policies and practices continue unaltered for the next two decades. And, the message that comes through loud and clear is this: If today's global policies and practices continue into the future, we will see an increasingly crowded world, a world in which growing numbers of people are suffering hunger and privation, a world that will, as a consequence, be more vulnerable to violence and upheaval than the world we live in now.

STRENGTHENING THE CHARGES TO THE PRESIDENTIAL TASK FORCE

Undoubtedly, many current policies and practices will be changed over the course of the next two decades. However, whether they will change in ways that serve to improve or aggravate global conditions in the year 2000 is very much an open question. Moreover, what is important to recognize is that time may be running out for the nations of the world to take the initiatives that are necessary to avoid the apocalypse the Report envisions. That is, the implementation of the "correct" policies today could enable us to avert disaster; the implementation of those same "correct" policies 15 years from now may prove fruitless because the damage done in the interim may be irreversible.

In this regard, one of the findings of the *Global 2000 Report* is of utmost importance. It concerns the threat to the earth's renewable resource base. As Gus Speth, Chairman of the Council on Environmental Quality, and Chairman of the recently appointed Presidential Task Force stated in testimony before the International Economics Subcommittee:

We have become accustomed in recent years to warnings about the need to conserve nonrenewable resources, which eventually must run out. But the *Global 2000 Report* points to serious stresses that threaten our renewable resources as well. Even now, the earth's carrying capacity—the ability of biological systems to meet human needs—is eroding. By 2000, matters could be considerably worse

It was this alarming projection, perhaps more than any other, that led the U.S. Government's globalists to issue an urgent plea for "prompt changes in public policy" all around the world. We agree. We are also in agreement with one of the Report's central propositions—that the fundamental constraints on human welfare are social, not physical; at least we agree that this is true now. However, if the nations of the world fail to undertake the prompt actions now required, with the result that the earth's carrying capacity is permitted to erode further, we may soon be confronted with catastrophic physical constraints. If that is permitted to happen, the Report's projections, or worse, could become fatal prophecies merely waiting to be played out. But even if such a dire outcome never materializes, the longer we delay, the fewer will be our options.

The problems plaguing the world economy are formidable. They are beyond the capacity of any single nation or group of nations to solve. To secure a more promising entry into the twenty-first century will require a level of global cooperation and commitment that is without precedent in history. And, to address these problems effectively will require, as well, the cooperation and support of the private sector, the multinational corporations and the world's international institutions.

In light of these considerations, we see the need to strengthen the charges to the *Task Force on Global Resources and Environment* to better reflect the sense of urgency and challenge that so pervades the *Global 2000 Report*, a report that, absent a change in current policies and practices, documents a world a bare 20 years from now that is desolate and dying.

Recommendation No. 1

In view of the formidable challenges presented to the world community in the *Global 2000 Report*, and in further view of the need for the nations of the world to act promptly and decisively to avert the disaster implied by many current policies and practices, it is critical that the *Presidential Task Force on Global Resources and Environment* be charged with the responsibility of developing specific courses of action that are equal to the tasks of both arresting and reversing deteriorating global conditions in order to secure a more promising entry into the twenty-first century.

Moreover, since the magnitude of the global problems we face are beyond the capacity of any one nation or group of nations to

solve, the Presidential Task Force should take the initiative to detail the specific mutual obligations of the world's nations, both developed and less developed. And, it should not limit the scope of its recommendations to appropriate governmental responses alone, but should, as well, detail the obligations of the private sector, the multinational corporations and the world's international institutions.

THE NEED FOR BOLD, NEW, AND IMAGINATIVE SOLUTIONS

In the *Global 2000 Report* the authors document a number of "encouraging" policy changes that are "beginning" to take place throughout the world in response to our global population, resource and environmental problems. However, the authors stress that these developments are "far from adequate." In their view, we need to do more—much more. As was stated in the *Global 2000 Report*:

Vigorous, determined new initiatives are needed if worsening poverty and human suffering, environmental degradation, and international tensions and conflicts are to be prevented New and imaginative ideas—and a willingness to act on them—are essential.

In our estimation, the Presidential Task Force needs to invite and be receptive to new, bold, and imaginative ideas even if they are controversial and provocative; those who by nature are disposed to be more daring ought not in any way to be inhibited. And in making its report to the President, the Task Force ought to eschew efforts to limit its recommendations to those arrived at by consensus.

Because the range of the *Global 2000 Report* is so vast, there are likely to be sharp disagreements over the exact dimensions of the problem as well as over what policies the United States should pursue. Any decades-long look into the future will be sensitive to assumptions about energy prices, global political stability, technological change, and a host of other factors. In addition, the Task Force itself is made up of members with different goals and interests.

We do not underestimate the importance of attempting to reach agreement on how different policies could affect the future. The President will not be well served by numerous proposals that point in half a dozen different directions. Yet if bold, new and imaginative approaches are "essential," then the Task Force has an obligation to offer the President recommendations that will meet the challenge posed by the *Global 2000 Report*. There is a danger that in an attempt to reach a consensus the bolder policies will be ignored or seriously downplayed. In this regard, we were encouraged by Mr. Speth's statement before the International Economics Subcommittee that the Task Force was not under any directive requiring unanimity.

Recommendation No. 2

In its deliberations, the *Task Force on Global Resources and Environment* needs to search out and be receptive to bold, new, and imaginative ideas even if they are controversial and provocative. In making its reports, the Task Force should not invariably sacrifice the bold recommendation in an attempt to reach agreement.

THE NEED FOR CONGRESSIONAL SUPPORT AND INVOLVEMENT

In testimony before the International Economics Subcommittee, both Gus Speth, Chairman of the Council on Environmental Quality, and Thomas Pickering, Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs, emphasized the need for the United States to assume a strong leadership role to bring about the policy changes that must be made worldwide to meet the challenges of *Global 2000*. Acceptance of this role, however, will involve much more than dedication to an abstract principle; it will involve a commitment of our own scarce resources both to put our own house in better order with respect to environmental protection and resource conservation, and to ensure that we carry our full share of the international burden.

The alternative to our failing to take the initiative and assume the lead is simply unacceptable—for the United States and for mankind. The problems raised in *Global 2000 Report* may seem remote to those of us in the United States, but they are not. As Thomas Pickering stated in testimony before the International Economics Subcommittee:

. . . air and water pollution respect no boundaries . . . ;
 . . . the loss of forest in far-off regions in the tropics affects our economic and ecological interests here at home; . . . the expanding immigration into the U.S. is being triggered by the degradation of the natural resource base of certain countries as much as it is by political oppression; . . . the overall health and vitality of the developing world is vital to this country's economic and security interests. . . . Our industrial base depends on imported raw materials over which we have no direct control. Moreover, with the increasing importance of the export sector of our economy, it certainly behooves us to take note of *Global 2000's* conclusion that the world will be even more impoverished in the year 2000 than it is today. And impoverished nations do not make good customers.

It is perfectly clear that Congressional support for U.S. policy initiatives will be critical to our collective success. It is important, therefore, for the Members of Congress and their staffs to become involved in the deliberations of the Task Force at the outset. We in the Congress have the ability and obligation to play a meaningful role in the development of solutions to our global problems.

And, the advice and counsel of the Congress will be warmly received by the Task Force. As Gus Speth stated:

I would like to stress as strongly as I can, as Chairman of the Task Force, the fact that, we solicit, encourage, indeed, beg for the advice and recommendations of the Congress and of its associated arms.

Recommendation No. 3

In view of the knowledge and experience the Congress can bring to solving our global problems, and in view of the Congressional support that will be required to support new U.S. policy and program directions, we urge our colleagues in the House and

Senate to avail themselves of the opportunity, individually and through their specialized committees, to present their ideas to the Task Force and to involve themselves in the deliberations early on.²

THE NEED TO INVOLVE PRIVATE FOUNDATIONS AND ORGANIZATIONS

In an effort to discover solutions to our global problems, and to upgrade our ability to project and analyze long-term resource, population, and environmental trends and their interrelationships, we need to extend our reach beyond government to the private sector. Specifically, we need to attract the attention, or our major national and international foundations and organizations in an effort to have one or more adopt the *Global 2000* challenge as their primary focus, and to dedicate their vast resources toward the discovery of solutions. In testimony before the International Economics Subcommittee, Gus Speth accepted this recommendation as "an excellent suggestion" worthy of serious consideration.

Recommendation No. 4

We urge the *Task Force on Global Resources and Environment* to undertake a concerted effort to attract the attention of our major national and international foundations and organizations to the challenges presented in the *Global 2000 Report* with an eye toward having one or more dedicate resources to the discovery of solutions.

IS THE GOAL OF ECONOMIC DEVELOPMENT IN CONFLICT WITH PRESERVATION OF OUR ENVIRONMENT AND NATURAL RESOURCE BASE?

Many Doomsday models come to the conclusion that protection of our environment and our natural resource base necessitates a reduced rate of economic growth. The consequences of this depressing scenario for at least the teeming millions of people in many parts of the world who are now suffering from hunger and privation are disturbing and plain to see. Importantly, the members of the Presidential Task Force do not appear to share this conclusion. Indeed, as Gus Speth, Chairman of the Task Force, puts it:

One important conclusion reached by those of us who worked on the Report is that the conflict between development and environmental protection is largely a myth. Many of the pressures on renewable natural resources noted in the Report are the result of the desperate struggle of poverty-stricken people to stay alive; thus the key to easing these pressures is to improve the conditions of the earth's poor through *sustainable* economic development, which requires, among other things, sound resource management, environ-

² Senator Proxmire states: "While I agree that Congress should participate closely in the development of any new programs recommended by the Task Force, this should not be interpreted, in my view, as support for increased foreign aid programs. At least as much emphasis should be placed on reorganizing existing efforts as the initiating of new expensive solutions."

mental protection, and family planning. Instead of being an obstacle to development, protection of resources and environment is an essential aspect of development. Many of the resource problems outlined in the *Global 2000 Report* stem from a lack of sound, sustainable development, and will be effectively addressed only by economic progress.

Unfortunately, this statement fails to address the central question at issue; namely, what pace of economic progress is sustainable? Natural resource experts have taught us to aim for that optimal sized renewable resource base that is capable of generating maximum sustainable yields. Whether that optimal sized renewable resource base is larger or smaller than its present size is an open question—and a question that the Task Force has, to this point, failed to address specifically.

It is important to address this question in order to determine more precisely the magnitude of the global efforts that must be undertaken to avoid the disaster that *Global 2000* envisions. If the globe's renewable resource base has been pushed below its optimum size, the pace of development that can be sustained will be less than its maximum. Thus, in order to achieve the optimum sized resource base and the maximum pace of development, it may be necessary to cut consumption of our renewable resources *below* current sustainable yields in order to build up the resources base itself. Of course, if our renewable resource base has not yet been reduced to its optimum size, it is possible to continue to step up our resource consumption to a rate equal to the maximum sustainable yield; such a rate of consumption could be sustained indefinitely.

The problem is that we do not know with any precision what our optimal resource base is. We suspect, however, given the progressive impoverishment of our renewable resource base, that we have passed the optimum point for a great many resources. If this is true, the problems we face are truly formidable, for it implies, absent massive income and wealth transfers from the developed to the less developed nations, that we could witness ever growing numbers of desperate poverty-stricken people throughout many parts of the world, an outcome that would threaten our own security and standard of living. Of course, because so many of the pressures on renewable resources are "the result of the desperate struggle of poverty-stricken peoples to stay alive," it will be all the more difficult to accomplish the goals of sound resource management and environmental protection, even though these are required to ultimately improve the conditions of the world's poor, precisely because this could involve levels of resource use on the part of many of the earth's poor below their already lower-than-subsistence levels.

Recommendation No. 5

We urge the *Presidential Task Force on Global Resources and Environment* to identify those rates of resource use that are consistent with sustained economic development and economic progress; and to devise courses of action that permit improved living standards among the earth's poor consistent with the preservation of the globe's resource base.

TRADE LIBERALIZATION AS A MEANS OF ACCOMPLISHING GREATER EFFICIENCY IN THE USE OF THE GLOBE'S RESOURCES

In light of the findings of the *Global 2000 Report* it is abundantly clear that the world's nations must do all in their power to eliminate the waste inherent in the inefficient use of our scarce resources. The members of the Presidential Task Force are fully aware of this fact so there is no need to dwell on it. However, one important source of increased efficiency in the use of our scarce global resources needs to be given more attention; namely, the dismantling of artificial barriers to the flow of goods, services, and capital across international borders. The arguments in favor of a more liberal trading order are well known and need not be repeated here. Nevertheless, it is our hope that the dismantling of barriers to the international flows of goods, services, and capital will figure prominently in the set of recommendations the Task Force will present to the President.

Recommendation No. 6

Because barriers to the free flow of goods, services, and capital internationally breed inefficiency to the detriment of both the developed and less developed countries of the world, we urge the *Presidential Task Force on Global Resources and Environment* to set forth, in very strong terms, its opposition to the existence of these barriers and its recommendations for dismantling them.

GLOBAL 2000 AND THE ARMS RACE

In testimony before the International Economics Subcommittee, Assistant Secretary Pickering attempted to maintain as separate and distinct the global arms race and the problems identified in *Global 2000*. The questions that naturally arise are these: Is not the arms race inconsistent with the view that the "urgency and scope of the challenges set forth in the *Global 2000 Report* call for a new era of global cooperation and commitment"? Does not the arms race constitute a squandering of valuable resources that could be put to better use to alleviate the hunger and suffering of the earth's poor? Specifically, could not the resources released by arms control be better used to meet the most obvious, pressing needs of the LDCs for food, medical supplies, sanitation, fresh water, reforestation assistance, family planning, the encouragement of aquaculture, and many others?

Arresting the proliferation of nuclear arms is undoubtedly of critical importance, but there is good reason to be concerned as well with the spread of conventional arms. Eighty percent of all arms spending is for conventional weapons; and the Third World's share of that total has grown sharply—from 4 percent in 1957 to 14 percent in 1976. In 1978 alone, the developing countries spent on arms imports \$14 billion (constant 1975 dollars), a tremendous drain on Third World resources, to say the least.

In our view, the arms race and the problems identified in *Global 2000* are inextricably linked. Solving our global problems will require, among other things, a direct assault on the arms race.³ At a minimum,

³ Congressman Clarence J. Brown, Senator William V. Roth Jr., and Senator Roger W. Jepsen want to make it clear that the need to limit the arms race should not be interpreted as a call for the United States to unilaterally reduce its own defenses. The arms race is a global problem; a global solution is therefore required to limit arms growth.

the Task Force should provide to the President estimates of what would be accomplished in terms of meeting the *Global 2000* challenge under various arms reduction scenarios. In testimony before the International Economics Subcommittee, Gus Speth indicated his willingness to have the Task Force undertake such an exercise.

Recommendation No. 7

We urge the *Presidential Task Force on Global Resources and Environment* to examine the links between the arms race, on the one hand, and our global population, natural resource and environmental problems, on the other. In addition, we urge that body to present to the President estimates of what could be accomplished in terms of meeting the *Global 2000* challenge under various arms reduction scenarios.

