

“In 2003, US DoD budget numbers understated actual total US military expenditure by about \$130 billion.”

see page 15

Homeland Security Budgeting: Can Confusion Produce Priorities?

David J. Berteau

Since it was created, the Department of Homeland Security has been plagued by apparent disconnects and unanswered questions. From a budget standpoint, no one can even begin to answer the basic question, “How much is enough?”

The Congress and the Administration point proudly to the dramatic growth in funding for homeland security and counter-terrorism, almost a four-fold increase since the September 11, 2001 terrorist attacks. Still, no one can say with certainty what the priorities are that would guide the allocation of marginal dollars. Further, no one can properly determine the balance of efforts in detection and prevention, vulnerability assessments and reduction, and capabilities to respond and

recover.

It is not enough, though, to point out these shortcomings. Before they can be fixed, we have to have some idea of what caused them. Let’s take a look at some of those causes.

The Department of Homeland Security was, in fact, born in confusion and bureaucratic uncertainty. Long before September 11, studies had called for a reorganization of the federal government structure to deal with domestic terrorist attacks, but little attention was paid to these ideas.

After September 11, the Administration vigorously resisted legislation to reorganize, on both substantive (“it was not needed”) and philosophical (“it was growth in government”)

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Letter from the Director - A Nuclear Family

For four generations, my family has spent a week or so each year at Holden Beach in North Carolina. Holden’s is a wide strand of yellow sand that’s home to loggerhead turtles, foxes, deer, many species of sea and marsh birds, and a rotating crowd of families during the summer. I spent a week there in June, watching my 10-month-old nephew Will discover the essential indigestibility of sand and the joy of a warm wave pre-soaking your diaper. Once, chatting with my mother in the hot southern sun, Will cutting new teeth on a handy mollusk shell, I found myself wondering, “In whose lifetime?” Which will be the generation that finally frees us from the apocalyptic spell of nuclear weapons?

My grandfather, the first Cell to bring his family to Holden Beach, was a mathematician who worked on rocket design for the US Navy

during WWII. He died when I was not yet three, so I never got to ask him what he thought of the use of atomic weapons at Hiroshima and Nagasaki. He was likely in favor, though, and if he’d lived long enough I’m sure I would have argued with him about it. As Martin Amis writes in the introduction to Einstein’s Monsters, “On the subject of nuclear weapons, we all argue with our fathers.” My parents were married at the height of the Cuban Missile Crisis, and my first short story, written at the age of four, ended with a bang: “And then a big bomb came, and there were no more things.” My father, history professor and provocateur, used to read the story to his classes; invariably some students wept.

Nuclear weapons have been on my mind for years. In graduate school I tried desperate-

Human Development in History: Iraq in the 20th Century

Bassam Yousif

In the early twentieth century, the ethnically and economically disparate Ottoman provinces of Basra, Baghdad and Mosul (later combined to form Iraq) were among the least developed regions of the Ottoman Empire. Regions in Syria and Lebanon were comparatively more advanced. The riverine areas of these provinces were subject to intermittent famine, flood and plague, and the central government could provide security only in and around the major cities, leaving most of the population under the protection of various tribes (nomadic and settled).

Early development outcomes in Iraq were shaped by both internal and external forces. Traditionally, the agricultural land the tribes controlled were held in common, as the notion of private property appears to have been an alien concept to the tribal population. But in the latter part of the 19th century the Ottoman authorities, anxious to curtail tribal power and increase land revenue, introduced reforms that required the registration of agricultural land.

Land under tribal control was to be registered to individuals to use or lease for purposes of cultivation; importantly, these rights were heritable. The law's requirements, including proof of actual possession of the land, were quite stiff, and in many instances the tribal leaders, as custodians of tribal land, were able to come forward and register the land in their name. In time, "a society of generally free tribesmen became transformed into one of groups of near-serfs" as "new landlords gained unprecedented legal and economic powers over their peasantry."¹ This established the foundations of agrarian power relations in Iraq in the 20th century.

Parallel to these developments, Iraq was being rapidly integrated into the international economic system as demand for Iraq's products - mainly dates, grains and wool - increased. The value of sea-borne trade tripled between 1880-84 and 1910-13, the British Empire being the destination of half the exports and the source of two-thirds the imports in 1912-13.

These social and trade relations were

reinforced during and after the First World War as the British occupied Iraq. Seeking to check the power of the King they had installed in 1920, the British favored the tribal landlords; in time, the landlord class became one of the pillars of the monarchy.

Because of the influence of the landed class in government, agriculture was very lightly taxed (a condition which continued until the overthrow of the monarchy in 1958) and much of the government's capital expenditures focused on flood control and irrigation. This brought new land under cultivation and allowed landowners to increase output at the public's expense. From the point of view of this class, this was preferable to investing capital in land maintenance, even though land reclamation was often inexpensive.

The result was that while agricultural output grew in the first half of the 20th century, land productivity declined. As methods of production and working arrangements remained largely unchanged, it is unlikely that labor productivity in agriculture increased. In such circumstances, the material conditions of sharecropping peasants, who formed the vast majority of the rural population (and probably a slight majority of the total) remained very low and perhaps regressed in the first half of the 20th century, while the holders of land were enriched.

Despite the small tax base, expenditures on education and health increased substantially after the formation of the Iraqi state in 1921 and formal independence in 1932. This is reflected in improvements in human development outcomes, although these outcomes and living standards in general were still quite low.

Thus, in 1920-21, there were only 88 public primary schools and 3 public secondary schools in the entire country. This increased rapidly to 316 primary and 19 secondary schools in 1930-31 and to 735 primary and 44 secondary schools in 1940-41. Despite this expansion in public education, the illiteracy rate for the country as a whole was 89% in 1947, although this declined to 82% in 1957. Still, even in 1955, the net enrollment rate was 36% in

primary education and only 8% in secondary education.

Likewise, health standards were low. Infant mortality rates in the cities of Baghdad, Basra and Mosul were estimated to be 244, 243 and 403 per 1000, respectively, in the period 1927-35; this declined to 162, 83 and 242 per 1000, respectively, in the period 1935-47. Health outcomes were undoubtedly lower in the countryside where, until the 1960s, the majority of the population lived.

Still, the expansion of education, especially in Iraq's cities, was not without political consequences: it created a new literate and bureaucratic urban middle class dissatisfied with the existing power relations. By and large this class welcomed the military's overthrow of the monarchy in 1958.

Although divided, the new military leaders effectively destroyed the economic and political power of the landlords through land reforms and abolition of parliament (in which landlords were influential). The new regime encouraged industrialization and placed more emphasis on the expansion of education and health services.

Education expenditures increased three-fold in nominal terms and, in real terms, more than doubled between 1955 and 1960; as a percentage of GNP, these expenditures increased from 3.4% to 6.8%. As a result, the net enrollment rate increased to 67% in primary education and to 17% in secondary.

But deep divisions within the new ruling group ushered in a period of political instability. A fierce struggle for power ensued, first between pan-Arabs and the left, then within pan-Arabs themselves. Coups d'état and counter coups resulted in delays or shelving of development projects and there was rapid turnover of development personnel. The gains in terms of human development were consequently modest between 1960 and 1970.

This period of instability was ended when the fiercely nationalist and secularist Baath party (which came to power in a

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Cost of US Military Operations in Afghanistan and Iraq

Steven M. Kosiak

Since the terrorist attacks of September 11, 2001, the United States Congress has appropriated some \$50 billion for military operations in Afghanistan and \$100 billion for operations in Iraq. These figures represent the incremental cost to the Department of Defense of conducting those operations - including the initial buildup of US forces, the conventional combat phases of the two wars, and the ongoing "stability" operations that continue to be carried out in both countries. They do not include funding for reconstruction and other non-military assistance (which totals some \$25 billion so far). On the other hand, the fact that US forces no longer have to enforce the no-fly zones in Iraq has yielded modest savings (perhaps \$1-2 billion a year), that marginally offset these costs.

Funding for the military operations in Afghanistan and Iraq has been provided through a series of emergency supplemental appropriations. The first of these was enacted shortly after the attacks of 9/11. The last was enacted in November 2003 and is intended to cover the cost associated with these operations through September 30, 2004 - the end of the federal government's fiscal year. Since US troops are expected to remain in Iraq and Afghanistan next year, more funding will clearly have to be provided at some point to cover those costs.

When the administration submitted its fiscal year 2005 budget request for national defense at the beginning of February, it decided not to include funding for these deployments. [This article was written before the Bush administration included a \$25 billion request for Iraq and Afghanistan in the DoD FY2005 budget. Experts agree that this sum is insufficient. - Ed.] The \$423 billion included in the regular annual appropriations request is intended to cover the cost of modernizing the US military, and manning and operating it at peacetime levels. It will not be required to absorb the extra costs incurred as a result of military operations in Iraq and Afghanistan. Those costs will be covered through another emergency supplemental appropriation, which the administration expects to submit to Congress in January 2005.

It is impossible to estimate precisely how much funding will be required to cover these

costs, since it is unclear how large a US presence will be needed in Iraq and Afghanistan in 2005. However, given the administration's current plans and timetable for operations in those countries, a reasonable estimate might be \$30-50 billion. These figures are also consistent with a recent statement by Joshua Bolton, the Director of the Office of Management and Budget, that \$50 billion represents the "upper limit" of what is likely to be needed to cover the costs of military operations in 2005.

Estimating costs for the years beyond 2005 is, of course, even more speculative. The non-partisan CBO has provided estimates for the cost of four illustrative scenarios for the occupation of Iraq. Under the lowest cost scenario, the number of US troops in Iraq was assumed to decline from today's level of approximately 125,000 troops to 76,000 in 2005, with all US military personnel withdrawn by the end of 2007. By contrast, in the most costly scenario, the number of US troops was projected to fall to 50,000 by 2008 and stay at that level through 2013. Projected costs under the four scenarios, for the years beyond 2005, ranged from as little as \$11 billion to nearly \$130 billion. These estimates do not, however, include the cost of continuing operations in Afghanistan (currently running at about \$1 billion a month), or costs associated with classified intelligence activities.

Whatever the merits - on strategic and political grounds - of the US interventions in these two countries, the direct financial costs will be high. By the end of next year, total costs for the operations in Afghanistan and Iraq, for the Defense Department alone, will approach \$200 billion and, ultimately, total costs could well exceed \$300 billion.

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Homeland Security Budgeting (continued from page 1)

grounds. The creation of the Office of Homeland Security in the Executive Office of the President was enough, they said.

The Office of Management and Budget (OMB) presented the Fiscal Year 2003 President's Budget in February 2002 as a sea change in federal support for homeland security, building on the huge \$20 billion supplemental appropriations passed after September 11. The White House was publicly seen as working on a national strategy for homeland security. Tom Ridge as Special Assistant to the President for Homeland Security was all the organization that was needed.

Congress felt otherwise. Bipartisan bills moved forward in both the Republican-controlled House of Representatives (led by Texas Republican Mac Thornberry) and in the Democrat-controlled Senate (led by Connecticut Senator Joe Lieberman). The appropriations committees were irate with the White House because Tom Ridge would not testify publicly on the homeland security budget. Despite these actions, though, Ridge remained publicly opposed to legislation to reorganize the government. On June 4, 2002, he told journalists in Washington at an editorial breakfast that he would "without reservation" recommend a veto if homeland security legislation were to pass the Congress.

All that changed, the very next day. For months, stories had gathered about the FBI and the CIA having missed warnings about September 11, about events that could (if recognized for what they were) have possibly prevented the attacks from succeeding. These stories peaked on the morning of June 5, 2002, with the riveting testimony of Minnesota FBI agent Colleen Rowley. A national TV audience watched as she described FBI resistance to her efforts to search the computer of the so-called "20th hijacker." Senator after senator wondered aloud about the need to change laws to force better internal integration of intelli-

gence and law enforcement.

Even as Rowley spoke, however, the White House was already reversing itself, without warning and with little discussion. In a hastily-called cabinet meeting that same morning, the President announced that he would drop his opposition to a new Department and would in fact submit his own legislative proposal. Headlines the next day trumpeted the reversal; by Thursday evening, June 6, President Bush went on TV to tell the nation of his plans.

Despite the inclusion of 22 separate agencies or pieces of agencies in the new DHS, much of the US efforts in homeland security lie outside the department. Nearly a third of the DHS budget goes to non-homeland security functions.

His explanation for the reversal was based on Governor Ridge's experience working with "all levels of government to prepare a national strategy" and on learning "more about the plans and capabilities of the terrorist network."

No one ever explained, however, why Tom Ridge had made his statements one day before the cabinet meeting, statements totally unneeded if the Administration were about to reverse itself. Did Ridge not know of the impending change? Or was the decision to reverse course made so rapidly that no one knew, just the day before? Was this simply an isolated incident, or does it indicate a deeper problem?

These are important questions if we are to be able to judge the sufficiency of plans and budgets for homeland security, because they come from the same players that produce the public pronouncements. Evidence shows that perhaps the Ridge disconnect with the impending Admin-

istration reversal two years ago was not an anomaly. The end of May, 2004, provides the latest example.

Attorney General John Ashcroft, on national TV Wednesday May 26, warned of a possible terrorist attack in the US over the next few months. He cited "credible intelligence from multiple sources" and called on the public to help locate seven specific suspects. Reportedly, the Justice Department also sent an intelligence bulletin to many law enforcement and military agencies, saying that "90% of the arrangements for an attack on the US were complete."

Homeland Security Secretary Ridge had just appeared on national TV earlier that day, delivering quite a different message. He downplayed the threat, telling ABC's Good Morning America that the threats were "not the most disturbing that I have personally seen during the past couple of years."

Subsequent discussions revealed that Ridge and DHS were aware of Ashcroft's plan for a news conference, but that the thrust was to be on law enforcement, on the need for the public's help in finding the seven suspects. Ridge was not even part of the news conference, despite the fact that the 2002 law that created DHS clearly placed him in charge of issuing "public advisories relating to threats to homeland security."

The national terror alert level remained at yellow, or elevated, where it has been since January 9. Perhaps this was because the information on which Ashcroft based his announcement was not only old intelligence but also information that had already been widely distributed. According to the New York City Police Commissioner Ray Kelly, his department has been aware and had already acted on the information in Ashcroft's announcement. Similar views were expressed by police chiefs in other cities.

By Friday, May 28, Ridge and Ashcroft

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found it necessary to put out a joint statement affirming that they communicate with each other every day and that they are “working together” to “take all necessary actions to protect the American people.” The statement emphasized that “specific intelligence is the foundation for effective counter-terrorism strategies,” even though Ashcroft’s own warning had clearly stated that the intelligence contained “no specific information.”

To make matters even more confusing, even as the Ridge-Ashcroft joint statement was being issued, the FBI was recalling an alert that it had issued that very morning. Three unnamed cities were warned of an “imminent” attack in the coming 24 hours, but hours later, the warning was retracted, with the explanation that the “original interpretation of imminence was unfounded.” In fact, the FBI reportedly indicated that the targets might not even be in the US. According to the New York Times, officials defended the decision to put out the warning even if “its reliability was unknown.”

It does not appear, then, that the two years since the President’s speech announcing his plan for a new department has eliminated the confusion and apparent lack of coordination that the events of May 26-28 exhibit. What does this mean, though, for the process of budgeting and allocating resources for homeland security and counter-terrorism?

First, despite the inclusion of 22 separate agencies or pieces of agencies in the new DHS, much of the US efforts in home-

land security lie outside the department. OMB indicates that just under 60% of federal homeland security funding lies in the DHS budget; the remainder is in Justice, HHS, the CIA, DoD, Agriculture, and a host of other federal agencies.

Second, nearly a third of the DHS budget goes to non-homeland security functions. When the law was passed to create DHS, one of its stated goals was for the agency to continue to provide the functions present in the 22 core agencies transferring to DHS, regardless of their contribution to the homeland security mission.

Taken together, these two facts dictate the need for significant coordination both within the federal government and with state and local entities. That level of coordination was not demonstrated in the Ashcroft-Ridge events described above, which undermines the credibility of lower-level efforts.

Perhaps more important, though, is the presence of competing goals within the overall homeland security mission. The goals are laid out in both the National Strategy and in the DHS legislation. President Bush’s National Strategy for Homeland Security, issued in July, 2002, clearly states that “the strategic objectives of homeland security in order of priority are to prevent terrorist attacks within the United States, reduce America’s vulnerability to terrorism, and minimize the damage and recover from attacks that do occur.”

There is little dispute over these goals or their priority, but there is no basis for

assessing the contribution of the budget toward these goals. Efforts to bring DHS into compliance with OMB’s measurement system for tying budgets to performance (the Program Assessment Rating Tool, or PART) have met with limited success, as DHS ties performance to sub-goals that lie two or three levels below these overarching objectives.

Congress has fared little better in assessing performance. DHS does not provide the new Homeland Security appropriations subcommittees with the same level of budget justification detail that other agencies provide, and Congress has accepted that for the time being. Whether this arrangement remains acceptable for the future remains to be seen.

Ultimately, of course, the American public has its own measures of success. Secretary Ridge, in his February 23, 2004 speech on DHS’s first year, pronounced that “America has never been safer.” Regardless of the analytical or political basis for that statement, he is correct in one thing: this is the only measure that really matters, and the one by which the budgets and efforts of DHS and all of the homeland security community will ultimately be assessed. In that, there is no disagreement.

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Human Development in Iraq (continued from page 2)

coup in 1968) began to consolidate power in the early 1970s, through a mixture of brutal internal repression and populist policies. Land redistribution was accelerated; education at all levels was nationalized in 1975 and henceforth became free of charge; a vigorous anti-illiteracy campaign was launched in 1978; medical services were extended, and there was a largely state directed drive towards industrialization.

This was helped in no small measure by a substantial rise in oil revenues. As a source of government revenues, oil became significant only after 1950 as output expanded and oil royalties agreements were renegotiated. Throughout the 1950s and 1960s, oil revenues were a significant part of government revenues. These revenues exploded in the early to mid 1970s as the oil sector was nationalized and the price of oil quadrupled.

The results, in terms of human development outcomes, were striking. Net enrollment at the primary level increased marginally from 48% in 1960 to 55% in 1970, but surged to 99% in 1980. At the secondary level, net enrollment increased from 19% in 1970 to 47% in 1980. At the same time, the anti-illiteracy measures succeeded in breaking the back of illiteracy, particularly in rural areas and for women where illiteracy was historically high. The illiteracy rate decreased from 53% to 27% between 1977 and 1987; for rural areas the rate decreased from 75% to 40%. As a result, Iraq's gains in terms of literacy were higher than any other Middle Eastern or Arab country in the period 1957 to 1983.

Parallel to this, health outcomes showed accelerated improvement. Life expectancy increased steadily from 50 years in 1960-65 to 61.4 in 1975-80. In comparison, life expectancy in 1978 was estimated to be 54 years in Egypt, 57 in Syria and 61 in Turkey. In Iraq, infant mortality (per 1000 births) declined from 139 in 1960 to 104 in 1975 to 78 in 1980. In Egypt and Turkey, the rate was 108 and 118, respectively, in 1978. Even in 1985, and in the context of a war with Iran, infant mortality in Iraq was substantially lower than in other oil exporting countries, and in 1990, lower

than the average in low and middle income Middle East and North African countries. Iraq, among the least developed regions in the Middle East in 1920, had by 1980 overtaken its neighbors.

At one level, Iraq's experiences in this period illustrate how oil revenues were successfully channeled into human capital formation. At another level, these development outcomes reflected the often contradictory desires of the Baath regime for rapid modernization, on one hand, and, on the other, for maintenance of political control and social stability. Thus, while improvements in living conditions conferred legitimacy for the regime, the Baath proved unwilling to implement its anti-illiteracy campaign until it had attained a monopoly in education and the mass media (achieved in the late 1970s). Even though its own party platform called for "eradicating" illiteracy and despite the presence of severe skilled labor shortages (which higher levels of literacy would greatly alleviate), the regime delayed implementation of the program until it was certain it could control the content.

Alas, the happy coincidence of favorable international conditions and generally enlightened human development strategy was shattered with the explosion of the Iran-Iraq war in 1980. The war, which lasted until 1988, was costly in human and material terms. GDP per capita declined by 9% per annum between 1980 and 1989 as Iraq went from being a creditor to debtor nation.

In this context, there was a perceptible deceleration in improvements in development outcomes and sometimes retrogression. Eager to avoid food shortages at time of war, the regime used its monopoly in foreign trade to import large quantities of food, especially grains; as a result, nutrition levels improved to unprecedented levels. Infant mortality declined from 78 (per 1000 births) in 1980 to 73 in 1985 to 65 in 1990. This is a notable achievement as it occurred despite large declines in incomes per capita and social spending; it was achieved, in part, through the reallocation of spending from expensive curative therapies to less expensive preventative medi-

cine and extension of safe water and sanitation.

While there was a convergence of political interests and human development in health, there was divergence in education. Net enrollment rates in primary education declined from 99% in 1980 to 94% in 1988 and in secondary education from 47% to 40%, as declining incomes compelled families to send more children into the labor force. At the same time, enrollment in higher education increased.

Although this ran counter to its education priorities (which favored primary and secondary education), the regime was unwilling to reorient its spending away from higher education and towards primary and secondary education because it feared that attempts to reduce university intake might lead to student disturbances in the urban centers of the country. This perhaps illustrates how no government, however repressive, is independent of social forces.

If the 1980s represented a period of arrested development, what followed was regression. Iraq's invasion of Kuwait was followed by economic sanctions (in effect from August 1990 to 2003) and a war which, unlike the war with Iran, largely destroyed the physical and industrial infrastructure of the country.

The sanction resulted in a collapse in incomes per capita and widespread unemployment. Real incomes fell by 90% in the first year of sanctions and by 40% between 1991 and 1996. Given Iraq's high import dependence, especially on food grain, there was a sharp decline in per capita caloric availability, from 3150 Kilo-calories (Kcal) in 1990 to an average of 2300 Kcal for 1991-97, as the country found it difficult to pay for food imports. Moreover, the destruction of infrastructure resulted in a severe decline in the availability of safe water and sanitation. This affected the elderly and children in particular. There was a sharp rise in infant mortality and the proportion of children under five years old who were moderately to severely underweight increased from 9% in August 1991 to 22.8% in March 1998.

Initially, the regime reacted to the sanc-

Human Development in Iraq

tions crisis by printing money, which resulted in hyperinflation. By 1995, the limits of this policy had become apparent and the government introduced a macro-economic stabilization program: some social programs were eliminated and the generosity of others reduced; education was no longer provided free of charge and enrollment rates at all levels declined. The government also utilized its considerable bureaucratic skills (often used for internal repression) to establish a largely efficient and equitable food rations program which provided roughly 50 to 60% of the daily caloric requirements.

The program likely averted famine and allowed the regime to present itself as defending the country against hunger brought about by encirclement from outside. Far from compelling compliance, the government used the sanctions regime to forge a link between its own fortunes and those of its subjects.

At one level, Iraq's human development experience illustrates how internal and external constraints have defined its development patterns. Despite surpassing the region in 1980, Iraq at the beginning of this century finds itself roughly where it stood

in beginning of the last century: as one of the less developed countries in the Middle East.

At another level, these patterns themselves give rise to constraints of their own. The preference for social justice and welfare enunciated (and for the most part genuinely aspired to) by successive Iraqi regimes has set the standard; any future government which does not deliver along these dimensions will likely face rejection. This in part explains why even today (after the suspension of sanctions) coalition authorities have been reluctant to discontinue the successful food rations program. Likewise, Iraq's colonial past has cultivated a sense of fierce independence and explains the outrage with which most Iraqis greeted the recent suggestion that the country's oil resources be privatized.

Ignorance of (or disregard for) these constraints and the absence of any coherent plan - even short term - for human development has frustrated (and possibly wrecked) US efforts in Iraq. Instead of considering the complementary nature of various development activities, a piecemeal approach has prevailed. The US has built schools and tried to improve commu-

nications and basic services. But parents are disinclined to send their children to school if they are unsure their children will return safely, and security is unlikely to take hold when a good portion of labor, especially urban, remains unemployed. In this regard, the US decision to demobilize, and so disemploy, thousands of Iraqi soldiers (all trained to use weapons) is impossible to understand. Most damaging perhaps was the US inability or unwillingness to preclude or control the widespread (and predicted) lawlessness immediately after the overthrow of the Baath. Accustomed to repressive (but ordered) rule and promised freedom, the lifting of tyranny - for too many Iraqis - has come to be associated with a descent into anarchy. This is an unwelcome association as political realities, no less than economic, will be instrumental in shaping Iraq's future governance arrangements and development outcomes.

Endnote

1. Sluglett, Peter. *Britain in Iraq 1914-1932*. Ithaca Press, London, 1976, p. 231.

Dr. Bassam Yousif will join the economics faculty of Indiana State University in the fall of 2004.

Letter from the Director (continued from page 1)

ly to make a poem about them, but found that Richard Wilbur had the first and last lyrical words on the subject in his "Advice to a Prophet":

Spare us all word of the weapons, their
force and range,
The long numbers that rocket the mind;
Our slow, unreckoning hearts will be
left behind,
Unable to fear what is too strange.

Then in 1999 I read Jonathan Schell's *The Gift of Time*, an inspiring abolitionist text, a book both terrifying and hopeful. Four months later I quit my job and found meaningful work at ECAAR, ironically an organization whose expertise lies precisely in the "long numbers," not simply the appalling number of times we can annihilate ourselves and all we know or hope to become, but the tremendous price the human race can expect to pay if we keep the fearful power of the cosmos at the cen-

ter of our relations with our neighbors.

Ronald Reagan died during my holiday, he who spent his first four years presiding over the arms race but in 1985 announced with Mikhail Gorbachev that "nuclear war cannot be won and must never be fought." Twenty years later, the Bush Administration proudly claims his legacy while its Nuclear Posture Review proclaims "nuclear weapons play a critical role in the defense capabilities of the United States, its allies and friends."

My first vote in a presidential race was against Ronald Reagan in 1984. While I deplore many of the legacies he bequeathed to our nation, twenty years later I find myself craving a president with the imagination to be an abolitionist. I seek a leader with the courage to "speak," as Richard Wilbur puts it, "of the world's own change" if we dare use our nuclear weapons: the history-ending loss of all log-

gerheads, herons, and nephews, the very idea of turtles, birds, children. I yearn to vote for someone who understands the tremendous opportunity we face in the task of eliminating the nuclear peril. We deserve a president who can make us understand that, in the words of Jonathan Schell: "To succeed in the task would, by securing human survival through human resolve and action, go far toward restoring our faith. . . . in our capacity to make use of the amazing products of our hands and minds for our benefit rather than our destruction. It would bring undying honor to those who carried it to fulfillment and to their generation. It would have the character not of a desperate expedient resorted to under pressure of terror but of a tremendous free act, following upon calm public deliberation in every nation - among all humankind."

- Kate Cell

Rebalancing the US National Security Budget

Marcus Corbin

In response to the attacks of September 11, 2001, Congress increased the US military budget for Fiscal Year (FY) 2003 by \$49.6 billion, which exceeded the total military budget of every other nation on earth. As the budget deficit tops \$500 billion, the administration's 2005 budget projects military spending of \$2.2 trillion over the next five years. The question is whether all this money is being spent wisely on priorities that will do the most to increase our security. A recent task force report, *A Unified Security Budget for the United States*, argues that it is not.

Why? Three reasons. First, the money has been spent on a force structure that does not match today's security threats. Second, a major portion of the force has been committed to the wrong mission. And third, these increases have come at the expense of spending on other tools, in addition to military forces, that we need to make us secure.

Rebalancing the Security Budget

The Bush administration proposes to spend seven times as much in 2005 for the military portion of the national security budget as for the nonmilitary portion. Its FY 2005 budget requests \$430 billion (not including the costs of the wars in Iraq and Afghanistan) for military tools, but only \$62 billion for nonmilitary tools, including international security programs and homeland security. When expected costs of Iraq and Afghanistan are added in, the administration allocates twenty times as much for military forces as for international programs (\$23 billion) and more than ten times as much for military forces as for

homeland security programs (\$39 billion).

The *Unified Security Budget* report outlines a security budget that corrects these imbalances. It rebalances our military forces to make them more useful for addressing today's threats. It also increases funding for the neglected security tools that will help us to address problems before they become armed conflicts, and to use multilateral approaches to resolve conflicts when they do occur.

It takes the path of fiscal responsibility by not adding to (or subtracting from) the broad national security budget, but instead

secure. It accomplishes this by focusing more resources on preventing future wars, and their human and financial costs, rather than on simply funding the wars as they come along.

The proposal shows how funding can be shifted within and out of military accounts for an overall saving of \$51 billion. And it outlines \$52 billion in new spending on non-military measures. This shift would change the current 7 to 1 ratio of military to non-military security tools to 3 to 1 - a better balance for the United States' long-term security needs.

The Task Force that developed the proposal intended the specific budget recommendations not as definitive proposals individually endorsed by each member, but as a broad outline showing the major elements of a unified security budget that incorporates nonmilitary tools into our security strategy and rebalances military forces for to-day's security challenges.

Realigning the US Military

The wars in Afghanistan and especially Iraq have reaffirmed that the US military is unmatched in conventional combat. The Iraq invasion, however - or rather the political and

military mess left in its wake - has also shown how ill-prepared the military is for missions such as occupation, security and peacekeeping, and how adversaries will learn to avoid our overwhelming strength and attack where we are not so strong. The priority for our military should not be another generation of expensive aircraft, ships, and missiles designed to combat a superpower, but rather the basic equipment

Proposed Military Program Changes	Annual Change in Funding in Billions of US\$
Prepare for new missions	
Improve capabilities for peacekeeping, stability, and counterterrorist missions	+ 5.0
F/A-22 Raptor fighter	
Cancel and buy existing upgraded aircraft	- 4.0
Virginia-class submarine	
Reduce purchases and stop retiring existing submarines early	- 2.1
Comanche helicopter	
Cancel and focus on UAVs [The program has now been canceled.]	- 1.4
DDX destroyer	
Replace with smaller ships	- 2.0
Future Combat System	
Slow the unrealistic program schedule	- 0.7
Nuclear warhead maintenance	
Reduce rebuilding of nuclear warheads	- 3.2
Nuclear weapons	
Reduce strategic nuclear weapon deployment	- 1.5
Missile defense	
Focus on short-range defense and limited national missile defense R&D	- 8.0
Army Guard division	
Reduce the Guard reserve force	- 4.0
R&D	
Restore a justifiable funding level	- 22.0
NATO force	
Make fuller use of NATO military capabilities	- 7.0
TOTAL	-51.0

rebalances spending within it. The proposal cuts military spending where it can be cut. It refocuses military forces to be more effective. And it increases funding for the security tools outside the Defense Department that have, in recent years, been pared back too far. The result is a budget that will do more than simply "plussing up" the Pentagon's accounts will do to make us, and the rest of the world, more

Rebalancing the US National Security Budget

and skills needed to counter adversaries who have less technologically-advanced equipment, but intense commitment to their struggle.

The forthcoming generation of weapon “platforms” is both marginally relevant to today’s complex political conflicts and exceedingly costly. Reducing, and in some cases canceling, these programs while preserving basic military research and development (R&D) can free tens of billions of dollars annually that can then be applied to military and nonmilitary programs that will do more to make the nation secure. The imperative to do this - and the political feasibility of doing it - was illustrated by the Army’s abrupt decision to cancel its long-running Comanche attack helicopter program in February 2004, as called for by this *Unified Security Budget* report

Addressing Security Deficits

Funding for the diplomatic, economic, and informational tools of national security, and for mobilizing and strengthening international action to increase global security, is being squeezed by sharply increased military spending. Re-allocating funding to International Affairs and Homeland Security programs can help restore the balance.

The US international affairs budget needs to be viewed as part of the overall national security budget, since building solid international partnerships to address the causes of conflict is cost effective “preventive medicine” that reduces the need for expensive military responses later. The percentage of the US budget devoted to international affairs has been declining for four decades. Despite last year’s increase for HIV AIDS through the Millennium Challenge Account, international affairs spending accounts for only slightly more than 1% of the US discretionary budget. Unacceptable tradeoffs are the result: forced choices between secure embassies and modern communications systems for diplomats or adequate funding for peacekeeping, and between adequate funding for the Middle East peace process or safeguarding nuclear weapons and materials in Russia.

Increases need to be made to both parts

of the international affairs budget: to the State Department budget, which includes the cost of US diplomacy and US assessed contributions to international organizations and peacekeeping, and to the foreign operations budget, which includes bilateral development and humanitarian aid. The United States is the least generous among all major donor countries in development assistance as a portion of Gross Domestic Product. The aid budget, in addition to being increased, needs to be redirected to focus most of its resources on countries most in need.

Although President Bush’s FY 2005 budget increases homeland security fund-

protections for private infrastructure like chemical plants and skyscrapers, to a much stronger Coast Guard and Customs service (within DHS).”

A 2003 Council on Foreign Relations Task Force, chaired by former Senator Warren Rudman, focused specifically on emergency response to a catastrophic attack and found that “[i]f the nation does not take immediate steps to better identify and address the urgent needs of emergency responders, the next terrorist incident could have an even more devastating impact than the September 11 attacks.” The Task Force called for increasing spending on police, fire, medical, and other

first responders approximately \$100 billion over five years, which would also have substantial immediate benefits for day-to-day emergency response unrelated to terrorist attacks.

In addition, increasing funding for other homeland security programs can help prevent successful attacks in the first place, such as doubling Coast Guard and Border Patrol programs, and increasing port container inspections tenfold.

The changes suggested for International Affairs and Homeland Security were based on the reports of various experts and commissions,

where available, such as the Task Force on DOE Nonproliferation Programs with Russia; the joint recommendations in one area of Frank Carlucci, Richard Allen, Samuel Berger, Zbigniew Brzezinski, William Clark, Henry Kissinger, Anthony Lake, Brent Scowcroft; the Advisory Group on Public Diplomacy for the Arab and Muslim World; the Brookings Institution task force on Protecting the American Homeland: One Year On; and the Council on Foreign Relations Independent Task Force on Emergency Responders.

The full report, *A Unified Security Budget for the United States*, is available online at www.cdi.org/news/mrp/Unified-Budget.pdf or www.fpif.org/pdf/defense-report/fulltext.pdf.

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Proposed Nonmilitary Program Changes	Increased Annual Funding in Billions of US\$
International Affairs Programs	
Nonproliferation programs	1.5
Diplomatic operations	2
Economic development aid	10
US international communication	1.2
US contributions to UN/regional peace operations	0.5
UN civilian police force	0.2
International organizations	0.1
Homeland Security Programs	
Increase emergency responder preparation	20
Double Coast Guard and Border Patrol programs	11
Increase port container inspection, tenfold	5
TOTAL	52.0

ing in certain areas, other key priorities are neglected. Department of Homeland Security funding for emergency responders in small- and medium-sized cities, for example, is cut by 46%. Overall federal homeland security-related funding for police drops from \$4.9 billion to \$3.3 billion. Despite the establishment of a new cabinet department, the United States remains woefully vulnerable to terrorist attacks. According to a Brookings Institution study in 2003, many steps taken already “reflect a response to past tactics of al Qaeda, not an anticipation of possible future innovations in how that organization or other terrorist groups might try to harm Americans.” The report called for urgently “filling the gaps that remain in the current homeland security effort. These range from creation of a new networked intelligence capability that tries to anticipate and prevent future terrorist actions, to greater

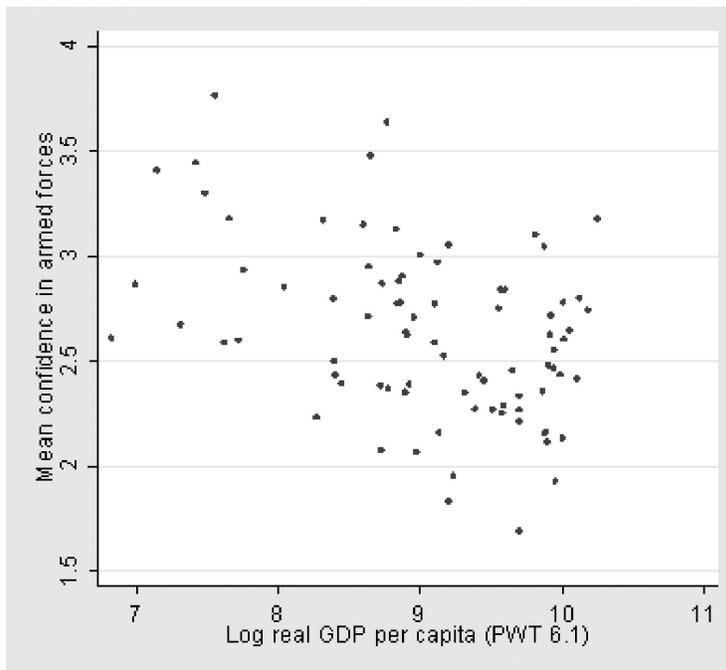
Poverty, Militarism and Civil War

Moses Shayo

This article summarizes an empirical investigation of the link between poverty and the incidence of civil war. The thesis examined is a simple one: at the individual level, low living standards tend to enhance militaristic nationalism and confidence in the armed forces and therefore, on average, more support for attempting military solutions to social conflicts. At the national level this means that, assuming central governments need some popular support in order to start and sustain military campaigns, poorer countries will tend to attempt a military solution to a wider range of conflicts than would richer nations. Thus, the oft reported correlation between low GDP per capita and civil war incidence is partly explained through the effects living standards have on the attitudes of the population and the resulting effect on the ability of governments to sustain a military-solution approach to conflicts. This claim involves a certain shift of emphasis. When thinking about the relation between income-distribution and war, one often thinks about the conditions under which the exploited poor rebel against the rich. But civil wars today often appear to be fought over other issues and moreover, it is often the poor who support the government in fighting the insurgents. Thus, while studying the rebels' motivations and decisions is obviously of major importance, the present paper sets aside these concerns in order to focus on the population from which the *government side* of the conflict must draw its support.

In recent years, several attempts have been made to empirically identify the sources of civil wars using cross-country data sets, mostly from the second half of the 20th century. The empirical studies typically attempt to estimate a model where the probability of the eruption of civil war in a given country at a given time interval is determined by various aggregate measures at the country level such as GDP,

natural resources, ethno-linguistic fractionalization, education levels, civil liberties, democracy and inequality measures. The strongest and most robust finding in this literature seems to be that societies at low levels of economic development have suffered much more from societal warfare than prosperous societies. This seems to



suggest that higher national income significantly reduces the risk of civil war. But it is equally well argued that civil wars are detrimental to economic growth: causality probably runs both ways, and it seems hard to separate the effects in a cross-section of countries. Moreover, granted that low levels of economic development are conducive to civil war, it is not quite clear why this should be the case - and cross-country data seem insufficient to answer this question. Collier and Hoeffler (2001), for example, view income per capita as a proxy for the cost of recruiting rebels: low per capita income thus facilitates conflict by making rebellion cheaper. Fearon and Laitin (2003), on the other hand, while finding a similar relationship between GDP per capita and civil wars, claim that low GDP per capita is related to "weak states," which in turn attract insurgency. But in general - since GDP per capita is

correlated with so many social, economic, political and international factors that are not easily controlled for - it is hard to point to any particular mechanism as driving the statistical relationship. In order to do that, the aggregate-level analysis probably needs to be complemented by a disaggregated one. A preliminary attempt is presented here.

Before summarizing the results I should emphasize that they may not apply to the civil wars afflicting Africa, as data on Sub-Sahara Africa is scant and save South Africa, none of the African countries that recently experienced civil war take part in the empirical analysis.

I start with the cross-country patterns. The figure shows the mean national level of confidence in the armed forces plotted against GDP per capita. The level of confidence is taken from the World Values Surveys (Inglehart et al. 2000, henceforth WVS), performed in the early and mid 1990s. Each point represents the estimated mean from one country at one year. The figure suggests that some of the observed correlation between GDP per-capita and civil wars might indeed be due to the former picking up the effect of confidence in the armed forces. This possibility was explored using three different measures of civil wars and civil conflicts, taken from Fearon and Laitin (2003), and Gleditsch, Wallensteen, Eriksson, Sollenberg & Strand, 2002. Confidence in the armed forces was measured by the proportion of the population professing the highest level of confidence in the armed forces, taken from the WVS. The two main results are as follows:

1. *The prevalence of confidence in the army is strongly and positively related to the risk of experiencing civil war, even after controlling for a host of other factors that are commonly held to account for civil war risk.¹*
2. *Confidence in the army is found to be partly responsible for the relationship between GDP per-capita and civil war*

Poverty, Militarism and Civil War

incidence.

As in most cross-country regressions, a causal link between confidence in the army (or other covariates) and civil war risk cannot be established based on these regressions alone. An obvious reason is that in countries experiencing - or even expecting - war, support for the army may tend to rise, which may be reflected in the reported confidence in the army. If this is the case, it would be very hard to separate such effects from the effect these attitudes in turn have on the eruption or perpetuation of the war. But the results do suggest that part of the observed relationship between GDP per capita and civil war risk is due to widespread confidence in the army.

Still, the relationship between confidence in the army and national income levels may well be spurious. That is, it may be the case that in rich countries everyone has relatively low confidence in the army while in poor countries it is the reverse, and that this is due to some other factors affecting both GDP and attitudes. I therefore examine whether the relationship also holds at the *individual* level, both in rich and in poor countries. Are richer people less likely to have a high level of confidence in their country's armed forces, regardless of whether they live in a poor or a rich country?

To answer this question I use WVS data from a reasonably diverse sample of 27 countries during the 1990s, all using the same confidence-in-the-army question. To measure living standards in a comparable way, I use income per household member, converted to 1996 dollars using the PWT 6.1 consumption-purchasing-power-parities.² The proportion of the population with the highest level of confidence in the army ranges in these surveys from below 5% in Austria, Belgium, Latvia and the Netherlands to over 64% in Turkey. Income per household member in 1996 PPP dollars ranges from \$300 to \$40,000.

The results are rather striking in that *in almost all countries where data are available, the estimated effect of income on confidence in the army is negative.* There is no clear difference between richer and poorer countries with respect to the marginal effect of income. There appears to be a strong negative relationship between income and confidence in the army in

countries as diverse as Austria, Brazil, Canada, Hungary, Portugal and Turkey. Further, the size of the effect appears to be large enough to account for half of the association between national income and confidence in the army illustrated in the figure. This leaves plenty of room for other, national factors - such as recent conflicts - to simultaneously affect both average income and average support for the army. But the association at the individual level seems to suggest that the cross-country association is not all due to such factors.

A concluding remark: military and political leaders engaged in violent conflict often seem to devote considerable efforts to try to enhance popular confidence in their armed forces. It seems plausible to assume that such efforts are not unreasonable, in the sense that higher confidence in the armed forces can lead to higher popular support for the war being fought (or anticipated). As we have seen, the claim that widespread confidence in the army may facilitate the practice of civil war is consistent with the available data. Yet confidence in the army is not determined just by governmental propaganda. The present article tried to point to the fact that the living standards of the population may also be related to the levels of confidence they have for the army. Could it be then that the extensive popular confidence that the army enjoys in countries like Turkey and India is not just a result of the long conflicts in which they have been involved, but also a factor that prolongs them - and that such confidence is partly due to the low income levels of much of the populations of these countries? I tried to show here that this possibility is not rejected by the available data, but to be able to say more we need to identify the mechanism underlying the association of income and confidence in the army. This is the subject of an ongoing research into the economics of nationalism.

ENDNOTES

1. The controls include measures of GDP per capita, population size, proportion of land mountainous, noncontiguous states, oil exporting, instability, democracy and ethnic fractionalization. The sample of countries with both WVS and civil war data available consists of

only 71 to 74 country-years, depending on the specification. The results obtained from this sample appear to be reasonably comparable to the larger-sample results in the literature, as the effects of most variables (before controlling for confidence in the army) are generally similar to those reported in the literature.

2. Since information on the income categories used in the WVS is not available for all surveys and since for a few countries no reliable PPP exchange rates exist, we are left with 31 national surveys (four countries have two surveys at two points in time) and four surveys from Spanish regions.

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This article is an excerpt from the prize-winning essay in the fifth Isaac Roet Essay Competition. This year's topic was "The Distribution of Wealth and Income: A Question of War and Peace." Mr. Shayo received the prize of 5000. All finalists received a free one-year membership in ECAAR.

America's Moment in South Asia

Ahmad Faruqui



America's moment in South Asia may be drawing to a close, based on two entirely different factors. First, the worsening situation in Iraq and Afghanistan and the inconclusive nature of the global war against

terror is preventing the Bush administration from focusing on South Asia. Secondly, developments in India and Pakistan suggest the two countries are less likely to be seeking an American solution to resolving their conflict.

With his job approval rating now down to 41 percent, President George Bush is fighting for his political life in a tough re-election campaign that is getting dirtier by the day. Thus far, 800 US service personnel have been killed in Iraq and more than 4,500 wounded. Wartime expenditures continue to mount and the US House and Senate are increasingly reluctant to hand a blank check to the Bush administration all in the name of fighting terror. Deputy Secretary of Defense, Paul Wolfowitz, was grilled extensively on the Hill when he appeared to ask for an extra \$25 billion in funding for the wars in Afghanistan and Iraq. Under pressure, he was even unable to recall the number of American uniformed personnel who had been killed in Iraq.

The Bush administration's Iraq policy is under increasing attack from a slew of ex-military stalwarts, such as Marine General Anthony Zinni, former head of US Central Command. Zinni, a Republican who was the Bush administration's emissary to the Middle East, has just released a book, *Battle Ready*, with veteran military writer Tom Clancy. Zinni takes the administration to task for fighting a war that was completely unnecessary, and then for fighting it with the wrong strategy. He places the blame squarely on the civilians who are running the Pentagon, from Defense Secretary Donald Rumsfeld on down.

Not surprisingly, the air has gone out of

Washington's South Asia policy. Stephen Cohen of the Brookings Institution quotes an unnamed government official as telling him, "We have a Pakistan policy and an Afghanistan policy, but as far as India is concerned, I don't think we'll have time to spare for the Indians."

Of course, the administration faces a major challenge in developing links with the Congress party in India. Dealing with the Congress, which has some strong anti-American voices among potential cabinet

US influence in Pakistan is also waning. Pakistani liberals are unhappy at Washington's continuing support for an increasingly repressive military dictatorship in Islamabad, while it continues to push for democratic reform in war-torn Kabul and Baghdad.

appointees, could come as a culture shock to Washington, says Cohen.

The Congress' Common Minimum Programme (CMP) seeks to restore a sense of balance in Indian foreign policy by stressing that India's strategic interests are better served by striving for a multi-polar world rather than identifying with the unilateralism of the Bush administration. The language and tone of the foreign policy section is nuanced, but the shifts in emphasis are unmistakable. Relations with the US are given the importance they deserve - the CMP commits the new government to pursuing "closer engagement" with Washington - but the document promises that "the independence of India's foreign policy position on all regional and global issues" will be maintained.

It is evident that the Manmohan Singh government is likely to be far less enthusiastic than the Vajpayee government about certain US programmes - like missile defence or the Proliferation Security

Initiative - since it regards them as having the potential for destabilizing the world.

Seeking to counter the impression that Washington has lost New Delhi, White House Press Secretary Scott McClellan quipped recently, "We have strong relations with India, and the President expects that going forward, working with Prime Minister Singh, we will continue to have a dialogue to move forward on reducing tensions in the region."

US officials insist that during the five-year-long BJP era, they maintained contact with the Congress and are well placed to engage the Singh government. However, Husain Haqqani, currently a visiting fellow at the Carnegie Endowment for International Peace in Washington, and a former Pakistani ambassador to Sri Lanka, challenges this view. Haqqani believes the Bush team was "too invested in personal relations with the BJP leaders and many of them have not interacted at a very high level" with Congress leaders. He says the business community and India's civil bureaucracy will ensure US-India economic relations continue to boom but political ties "will take some time to rebuild."

A similar view is put forth by Ashley Tellis, also of Carnegie and a long-time analyst at the RAND Corporation who also served as adviser to former US ambassador Robert Blackwill in New Delhi. Tellis says there is a growing fissure in Congress between old-style traditionalists with a "nonaligned view of the world" and "new pragmatists" who recognize that India needs strong relations with the US. He takes the view that through a process of trial and error, "US-India relations will come closer to where the BJP left them when it left office, but it is going to be a long learning curve."

For entirely different reasons, US influence in Pakistan is also waning. Pakistani liberals are unhappy at Washington's continuing support for an increasingly repressive military dictatorship in Islamabad, while it continues to push for democratic reform in war-torn Kabul and Baghdad.

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They are unhappy at Musharraf's about-face on his commitment to retire from the army in December of this year and are incensed at reports of abuse coming out of US prison facilities worldwide.

These concerns are highlighted in a recent Amnesty International report. The highly respected organization says, "The US government, as the dominant player on the world stage, simply must right its wrongs or it will be too late to regain the trust of its allies and too late to exercise moral persuasion on the world stage. The Bush administration has lost its moral compass at a time when [human rights]

violations are rising around the globe."

Pakistani conservatives are not happy with Musharraf for his continued pursuit of policies that only appear to be doing Washington's bidding, such as the failed military operation in Wana. Like the liberals, they too are incensed at Washington's treatment of prisoners in Afghanistan and Iraq. In addition, Washington's failure to be an honest broker between the Israelis and the Palestinians serves to remind them that America does not really have Pakistan's true interest at heart.

It may be too late for the Bush administration to regain influence in South Asia. In

a sign of its priorities, Robert Blackwill, the former US ambassador to New Delhi and a close confidante of President Bush, is in Baghdad these days, helping to form the new interim government. Things may change if and when a Kerry administration takes over in Washington.

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Economics of Security in a Post 9/11 World

Frida Berrigan

The Arms Trade Resource Center, directed by World Policy Institute Senior Fellow William D. Hartung, and Professor David Gold of the Graduate Program in International Affairs, organized and co-hosted a new study group at New School University (NSU) in the recently concluded 2003-04 academic year. This "Study Group on the Economics of Security in a Post 9-11 World" was organized as a successor to the study group led by Ann Markusen and hosted by the Council on Foreign Relations (CFR) from 1995 to 2002.

Although our budget for this undertaking was considerably smaller than that of the CFR, we aimed to maintain the ambience and collegial atmosphere that characterized that group's efforts. Looking back at the eight meetings and countless cups of coffee that constituted the first year, we consider it a successful beginning and look forward to a new set of sessions beginning in October 2004.

The NSU Study Group discussed the arms trade, homeland security, military spending, the political economy of armed conflict, North Korea, and possibilities for post conflict reconstruction in Iraq. Participants included a diverse group of experts from business, government, academia, and the foundation world, as well as a wide array of non-governmental organizations working in the fields of security,

development, and arms control.

Despite our limited resources, we were able to attract an array of top-shelf international experts to present to the study group.

Lee Sigal, the Director of the Northeast Asia Cooperative Security Project at the Social Science Research Council, inaugurated the study group with a presentation on North Korea entitled "Enough Muscle-Flexing: Use Your Words," in September 2003.

Rachel Stohl, a Senior Analyst at the Center for Defense Information (CDI), was our October presenter and spoke on the issue of arms export reform. Ms. Stohl is the co-editor of *Challenging Conventional Wisdom: Debunking the Myths and Exposing the Risks of Arms Export Reform*, published by CDI.

Study Group co-director David Gold presented his research on long-term patterns in US defense budgets in the context of the present buildup to the group in November, with a paper entitled "The Coming Bush Defense Budget Train Wreck in Historical Perspective."

Karen Ballentine presented in February. She is the former Project Director of the Economic Agendas in Civil Wars Project at the International Peace Academy. Her presentation, titled "Beyond Greed and Grievance," offered policy lessons from her studies in the political economy of armed conflict.

In April, study group co-director Bill Hartung offering insights on the power of the arms lobby in a presentation entitled "Who's Afraid of the Military Industrial Complex?" Bill peppered his talk with anecdotes gleaned from his recently published book: *How Much are You Making on the War, Daddy? A Quick and Dirty Guide to War Profiteering in the Bush Administration*.

In the final session for this academic year, Elisabeth Skoens from the Stockholm International Peace Research Institute (SIPRI) presented a paper titled "World Military Spending: Where Are We Heading?" Ms. Skoens, who is SIPRI's Project Leader for military expenditure and arms production, offered insights into the trends in global military expenditures - a surge in U.S. spending reflected in increased military budgets throughout the world.

Many of the papers presented through the course of the year are available on the World Policy Institute's website at www.worldpolicy.org/projects/arms/study/index.html.

We are beginning to plan for the fall and invite those who are interested to become participants. To receive announcements about the Fall Session of the Study Group, please e-mail to berrigaf@newschool.edu.

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Resources and Conflict in the Asia-Pacific Region

David Throsby

Internal conflict has become increasingly widespread in the Asia-Pacific region, creating an “arc of instability” around the southern rim of the region, stretching from Indonesia in the west, through East Timor, Papua New Guinea, the Solomon Islands and the other parts of the Pacific, to Fiji in the east. There are significant economic causes and consequences associated with this instability, including effects on resource utilization and export earnings, and on wider issues of economic development and regional cooperation.

On Tuesday, April 6, a symposium was held in Sydney to discuss how far economic concerns are implicated in internal strife within the countries of the region, and what sorts of strategies might offer promise for bringing about peaceful resolution of these problems. As well as a focus on economic issues, an important theme running through the symposium was the role of the media in reporting on conflict and in playing a constructive role in processes of conflict resolution. The symposium was made possible as a result of the generous financial support of the Ford Foundation. It was organized by the Australian affiliate of ECAAR, with the cooperation and assistance of the Department of Economics at Macquarie University, the Economic Society of Australia, and the Australian overseas development agency AusAID through its International Seminar Support Scheme.

Keynote speakers were ECAAR Vice-Chairs Jurgen Brauer and Michael Intriligator. Panelists in the morning and afternoon sessions comprised a range of academics, policy makers and journalists across the fields of economic development, governance, conflict resolution and media studies. The presenters included Peter Aitsi (Papua New Guinea), Glenn Banks (Australian Defence Force Academy), Malcolm Brown (Sydney Morning Herald), Rowan Callick (Australian Financial Review), Steve Darvill (AusAID), Usha Harris (Macquarie University), Graham Hassall (University of the South Pacific), Ben Reilly (Australian National University)

and Keith Suter (International Law Association).

The formal sessions began with Jurgen Brauer's keynote address focusing on the environmental consequences of war, especially the local effects that do not make big news but that can be very serious for local communities. Many of these problems, such as those caused by refugee movements or resulting from damage to land and water resources, have been experienced in various parts of the Asia-Pacific region.

The major panel sessions of the day dealt with the economic causes of conflict, the possibilities for peaceful conflict resolution, and the role of the media. It was noted that most conflicts in the Asia-Pacific region have been internal, not between states, and that this region has had the highest number of such conflicts in the world in the 1990s. The region is very ethnically diverse, although this diversity is not the only, or even the primary, source of conflict. In fact the “resource curse” thesis has a strong role to play; this proposition holds that there is a strong correlation between abundance of natural resources and poor economic growth. Low growth in turn is reflected in poverty, which has been shown to be a significant source of conflict. Indeed, even in times where economic growth is rapid, poverty-based conflict can still arise, because distribution of the gains from growth rarely benefits poorer groups. Cultural factors can sometimes provide the origins of conflict, as in the case, for example, of Fiji, Bougainville or parts of Indonesia, but generally these conflicts have an important economic dimension as well - it is often greed rather than grievance that exacerbates the problem.

Peaceful resolution of conflict requires, first and foremost, an understanding of the causes. In almost all cases there is no single cause, but a variety of factors that precipitate the internal strife. A key to long-term resolution of these internal problems is seen in governance, especially in building a strong institutional infrastructure for a stable, secure and fair society. In the Asia-Pacific region there are particular

problems in following this path that have to be recognized: the importance of land, for example, and the possible tensions between traditional and western systems of authority. In many cases, power relationships within society are an important determinant of outcomes, and it may be necessary to deal with powerful interests that have more to gain by perpetuating rather than preventing conflict. In the end, peace building strategies have to be holistic, recognizing that attitudinal change is a precursor to behavioral change and that multi-layered interventions will be necessary. The importance of aid agencies, NGOs and international organizations in bringing about change in the region was strongly emphasized.

In regard to the media, discussion focused on the difficulties facing journalists and others in reporting on conflict in the region. Media personnel can be threatened or intimidated by various parties to a conflict, and may find their capacity for objective analysis is compromised. Often, the demands of the international media dictate that coverage must be oriented towards what makes a good story. Thus reporting tends to be event-driven and often over-simplified, with simplistic portraits of “good guys vs. bad guys” as the basis for a story. It was emphasized that local media need to find their own voice, with emphasis on reconciliation and conflict resolution rather than violence as the basis for their reporting. In this context, the development of specific criteria for “peace journalism” holds out considerable promise. If such criteria could be more widely applied, the role of the media in peace building in the region could be greatly strengthened.

The day concluded with an evening dinner, at which the speaker was Mike Intriligator. He gave a strong presentation on the subject of terrorism and weapons of mass destruction, providing a sober context within which to sum up the day's proceedings.

David Throsby is Chair of ECAAR-Australia.

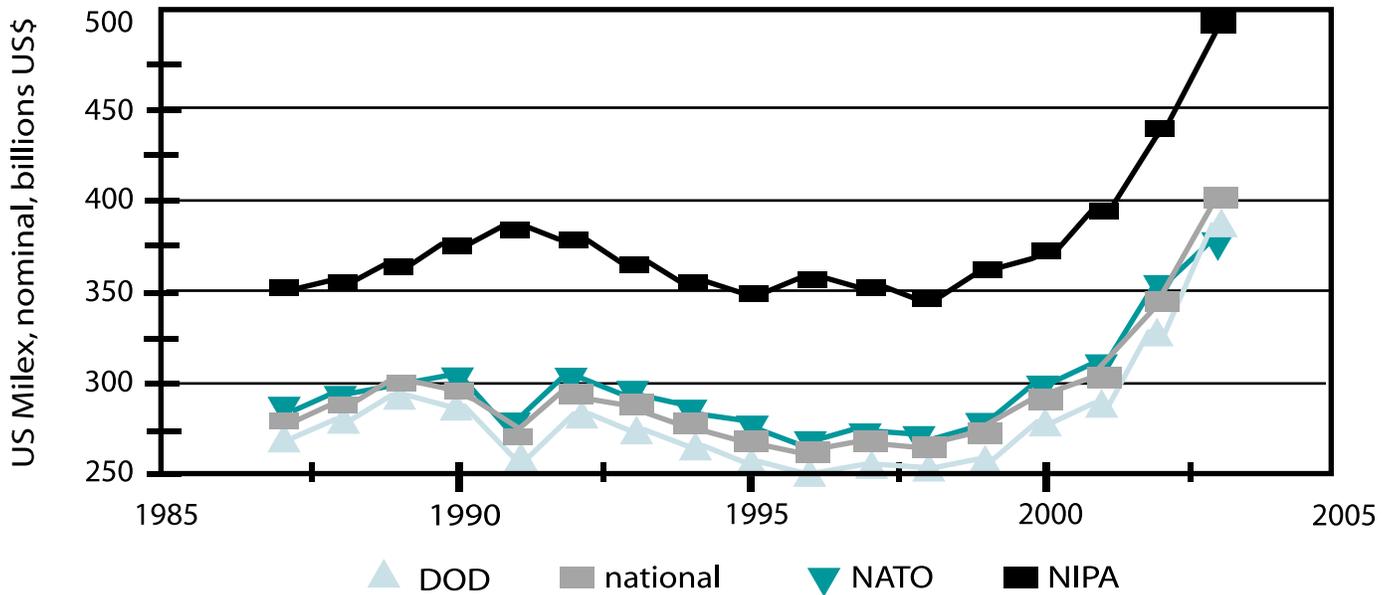
US Military Expenditure

Jurgen Brauer

I have a single main message: United States military expenditure is not large and rapidly growing; instead, it is larger and rapidly growing - larger than is ordinarily reported in the news media; larger than the public appears to have in mind. The reason,

defense outlays as defined by the U.S. National Income and Product Accounts (NIPA, for short) amounts to well over \$100 billion. Just to provide you with an inkling of the order of magnitude of that difference, think roughly of \$400 billion national

of Verification and Compliance (US BVC). It turns out that the BVC uses NATO figures for its own publication, World Military Expenditures and Arms Transfers. Likewise, the Stockholm International Peace Research Institute (SIPRI) uses



I believe, is that what the news media report and what the public hears are numbers that come off the federal budget decision-making process, that is out of administration requests for, and congressional debate and appropriation of funds for, the national defense function of government.

If you are a government official, either in the executive or legislative branch, it makes a certain amount of sense to look at budget requests and to debate and appropriate funds for the national defense budget line item. But if you are an economist, you have a different objective and so you are looking at overall, defense or military-related expenditure, regardless of whether this is budgeted in the national defense line item or not. For example, for 2003 - the last year for which I have complete data - the difference between budgeted, appropriated, and eventually spent funds (the so-called national defense "outlays") and national

defense BUDGET outlays versus \$500 billion national defense NIPA outlays. That is, in 2003, the United States spent about 25 percent more on national defense than the numbers you hear bandied about in the news media. And even the NIPA numbers are incomplete, as the accounting framework does not allocate a proportion of interest payments on the accumulated federal debt back to the military sector of the economy. In 2003, for example, that would add another \$35 billion of federal spending that should properly be counted as military-related expenditure so that, for 2003, we approach \$520-530 billion in national defense outlays as opposed to the \$400 billion or so in budgeted national defense outlays - a difference on the order of 33 percent.

Prominent sources for countries' military expenditure include NATO, SIPRI, and the United States Department of State's Bureau

of Verification and Compliance (US BVC). In a word, three of the world's best known comparative sources on countries' military expenditure use the same figures for United States military expenditure. This is of course good news. The bad news is that these figures do not match what the United States itself reports about its own military expenditure.

News media reporters and the public-at-large pay unwarranted attention to U.S. Department of Defense budget numbers. For FY2003, at about \$390 billion, these understate the actual total U.S. military expenditure of \$520 by about \$130 billion.

Jurgen Brauer is Vice Chair of ECAAR. This article is extracted from a speech Dr. Brauer in June 2004 gave at "The Other Economic Summit," an alternate meeting to the G-8 sessions in Georgia. The full article is available from the ECAAR website.

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How to Be a More Active Empowered Citizen in America

Thea Harvey, ECAAR Development Manager

In this election cycle it is imperative that Americans inform themselves of what's being done in their names, and that every citizen's voice be heard in Washington and in our communities. While many of us feel strongly about events in the world today, the distinctive element that ECAAR members can bring is rigorous economic research about the costs and consequences of the war with Iraq; a dedication to Ballistic Missile Defense; and policies which place empire above people. There are many articles in the Library section of the ECAAR website (www.ecaar.org) which can be useful when speaking out on these issues.

Reaching your Representatives only takes a few seconds via email or phone. In the last few months, as many online organizations have been mobilizing the public to express their opinions through email and letter writing campaigns, it has been repeatedly demonstrated that communicating with our Representatives does make a difference.

The President and Executive Branch

www.whitehouse.gov offers information about the Executive Branch of government. From this site you can contact the President, Vice-president and the Cabinet Secretaries. (When you email the president you always get a reply. It was a quite a thrill the first time I saw an email from the President in my inbox.) The site also includes "Ask the White House" -- an online interactive forum where you can submit questions to Bush administration officials.

The President's mailing address:
 The White House
 1600 Pennsylvania Avenue NW
 Washington, DC 20500

White House Phone Numbers:
 Comments: 202-456-1111
 Switchboard: 202-456-1414
 Fax: 202-456-2461

Congress

Call these numbers to be connected with the office of any Senator or Representative. At these websites you can enter your state, or zip code, and find out who your representatives are, get their addresses and direct-dial phone numbers, send them an email, and view their official websites.

Senate Switchboard: 202-225-6827
 House Switchboard: 202-224-3121

www.senate.gov
www.house.gov

Congress.org (an informational website, not affiliated with the US government) is your one-stop shop for contacting the executive, legislative and judicial branches of the US government, including all agencies and the Supreme Court. The website also includes information about issues before Congress.

Letters to the Editors

Equally important is sharing information with our fellow citizens. Getting a letter published in local media outlets can be easy as well. Congress.org offers a Media Guide where, on entering your zip code, you receive a list of all local regional media outlets in print, radio and tv. You can then compose a letter to the editors and email it directly from the site.

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