

War and famine. Peace and milk. — *Somali proverb*

The Economics of Regime Change Issue

“[M]any of the Pentagon’s core tracking databases are dysfunctional... In 2010 the system reported \$22.7 billion on contracts, but the GAO found it had missed out at least \$4 billion due to double-counting, under-counting, and over-counting.”

Linda Bilmes, page 6

Introduction

Richard Kaufman

Welcome to this session on the economics of regime change. I want to say just a few words before our panelists make their presentations, to set the table, so to speak, for their commentaries.

Regime change occurs whenever one regime is replaced by another, an ancient dynamic in the history of nation-states. It can occur through conquest of one state over another; or political or economic pressure by a foreign power; or it can be the result of an internal set of forces: an upheaval, a coup d’état, a revolution, a civil war, or a collapse and self-renewal of a state.

In modern times, external regime change has been the policy of one state to intervene in another, usually by military force. It has been a very common practice by the dominant super-powers, of which only one remains at present. During the Cold War, the Soviet Union changed regimes in Eastern Europe and elsewhere to ensure that governments friendly to it were in power. The US did much the same. We regularly worked, typically through the CIA, to overthrow regimes thought to be susceptible to communist influence or hostile to our own policies, and installed governments friendly to us in a host of countries, including Iran, Indonesia, Guatemala, Chile, and the Congo, as well as others.

Among the best examples of regime change, or nation building, were those meant to achieve “peace, stability, and

democracy” in West Germany and Japan after World War II. In these cases, it can be said that the benefits were well worth the costs of the hugely expensive investments of military resources and economic assistance. Those examples, however, were exceptional foreign regime changes that have not been duplicated in the more than half a century since those efforts were undertaken. They were successful in that the reasons given were appropriate and were achieved.

More recent have been the internal regime changes in the Middle East and in South America. We are very fortunate to have a panel of experts who will speak about a number of the relevant economic issues in this extremely controversial area.

I just want to add, lest we forget, that it was a law called the Iraq Liberation Act, signed by President Clinton in the late ’90s, that stated the national policy of the US was – and this is a quote from the Act – “to remove the regime headed by Saddam Hussein from power in Iraq and to promote the emergence of a democratic government to replace that regime.” President Bush criticized Clinton’s nation building, but – after the Twin Towers’ destruction – started the war that attempted to implement the Iraq Liberation Act.

Let us now hear from the first of our speakers.

TABLE OF CONTENTS

Local Foundations for Strong Democracy	3
<i>Roger Myerson</i>	
Who Profited from the Iraq War? . . .	5
<i>Linda Bilmes</i>	
The Economics of Arab Spring: A View from Egypt	8
<i>Hamid Ali</i>	
Women in Transitions	10
<i>Jennifer Olmsted</i>	
Report from the South American Spring	12
<i>Mark Weisbrot</i>	
Upcoming Events	15

ABOUT THIS ISSUE

On January 6, 2012, EPS hosted “The Economics of Regime Change,” a panel session, as part of the American Economics Associations meetings in Chicago. This issue is comprised of edited transcripts from that session. The full audio recordings are available at <http://epsusa.org/events/aea.htm>.

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Session panelists

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Jennifer Olmsted has long been interested in globalization, Middle East economies, and how conflict shapes economic outcomes. A graduate of Georgetown University and the University of California, Davis, much of her research focuses on socioeconomic conditions facing women in the Arab world. Her current research examines the way conflict and economic isolation affect economic conditions and gender norms, often in contradictory ways, using Iran, Iraq, and Palestine as case studies.



Mark Weisbrot is Co-director of the Center for Economic and Policy Research in Washington DC. He received his PhD in economics from the University of Michigan. He has written numerous research papers on economic policy, especially on Latin America and international economic policy. He is also co-author, with Dean Baker, of *Social Security: The Phony Crisis* (University of Chicago Press, 2000), and President of Just Foreign Policy (www.justforeignpolicy.org).



Richard Kaufman, Panel Moderator, is a member of the Board of Directors and a Vice chair of Economists for Peace and Security. He was formerly a staff economist and general counsel of the Joint Economic Committee of the US Congress where he directed and authored numerous studies on national and international security issues. Most recently he directed and co-authored EPS reports on missile defense and the space program. He is also Director of Bethesda Research Institute.



Local Foundations for Strong Democracy

Roger Myerson

I want to speak about regime change in the context of intervention. This is not an endorsement of intervention; but it's going to be done, and sometimes even should be done. We have to think about how it should be done, about the appropriate approach: how to support democratic regime change, and how to hold people who do it accountable if they don't do it right.

First, in building a state, the structure of the state must be considered. In particular, I believe that we tend not to recognize the importance of the relationships between national and local politics. The main point I want to make with respect to US interventions in recent years is that, when foreigners actively assist a state in becoming established, its national leaders tend to make a political tradeoff towards centralizing more power, because they can rely on us to pacify the periphery. That tends to alienate local elites, which then increases the government's dependence on foreign assistance.

Foreign assistance, therefore, can achieve a state building mission at less cost, and I think with more benefits to the country in which we're intervening, when we insist that power be constitutionally shared with local elites. In fact, the constitutional impact of our intervention may be reduced when our emissaries intervene to force a political decentralization that the national leadership might not have otherwise chosen; they would not have had that option had we not been supporting them.

The feasibility and cost of any building project depends on the architectural plan and the materials used. In building a state, we should recognize that its constitutional structure is the architecture, and the political leaders are the core building material. The essential element of any viable state is a system of political networks – be it a one-party system network or multi-party system – that must go from the capital and reach out into communities throughout the country. The key links are relationships between political leaders and their supporters. Supporters are mobilized by

leaders' reputations for reliably distributing long-term patronage and promotion in return for good service. Such reputations are essential assets for political leaders in all systems.

The US Army Counter-Insurgency Field Manual tends to focus on the training of security services; but I argue that disciplined security services must develop under political leadership. For example, in Iraq, Paul Bremer was trying to train a new Iraqi army and a new Iraqi police force that were supposed to be loyal to civilian leadership when there wasn't any. The idea was of course a complete fantasy. The trainees could only be guessing who would be the political leaders who would be responsible for overseeing their long-term promotion.

Fears of exclusion from power...are not lessened just by democracy itself. Some decentralization of power within democracy is necessary to reduce such fears and distrust.

I emphasize that any society has local leaders in all communities. Structures of local leadership become even more important when a state has failed, because each of us has to look for protection to somebody. When a new state is accepted by a large majority of local leaders throughout the country, the rest will feel compelled to acquiesce. Figuring out who is in charge is a coordination game among local leaders.

In the long run, local leaders depend on connections to the larger state. A state's constitutional structure determines whether local leaders can feel included in the political network, or excluded from power. Insurgencies can

develop in communities where there's nobody who has any stake in the state. That's the case in many valleys of Afghanistan today, where the US is propping up a centralized presidential regime.

Ideally, democracy should be good for state building because it reduces fears of exclusion from power. It gives more people a sense that, even if they're not in power now, under this nice democratic system they have a chance of running for office in the future; and therefore this is a (decentralized) political system in which they have some stake. However, in a centralized presidential democracy, the presidency is the only office that counts – such as in Afghanistan today, where maybe three people besides President Karzai have any possibility of running for president with any success in the foreseeable future. Fears of exclusion from power, therefore, are not lessened just by democracy itself. Some decentralization of power within democracy is necessary to reduce such fears and distrust. Decentralized democracy creates more opportunities for more leaders. The strong foundations for a democratic political system should be both national and local; the two essential elements are a multi-party national assembly and elected local councils with some responsibility for local governance.

My point is that local democracy strengthens national democratic competition because successful local leaders can become candidates for higher office, but it goes the other way too: national democracy strengthens local democratic competition. National parties can support alternatives to established local bosses. Here in Chicago we have a one-party local city-state; but if our ruling elite had no local basis in popular support, they could not prevent the Republican Party from sponsoring a serious competition. Even if the Republicans haven't gotten any votes in two generations, still the national democracy is essential in keeping our benevolent system of local government.

Continued on page 4

Local Foundations for Strong Democracy (continued)

Our military and State Department leaders who intervene often miss the importance of that mid-level political leadership. District and provincial governors are vital political links between national and local politics. To me, a key constitutional question in any regime is how governors are chosen. Is it by central appointment, as in many countries, or by some sort of decentralized local election? A centralized system can project its authority and earn the trust of people throughout the country if national leaders actively require their appointed governors to maintain local trust. However, when local leaders have no political role in national politics, inevitably such discipline weakens as governorships become rewards for support in the capital.

A large part of the economic value of the state is in the local agency rents that district governors and provincial governors can collect by abusing their power. The lack of a good fiscal system can prevent a Coasean bargain in favor of local government. National leaders have every incentive to sell these valuable offices to people who help them stay in power in the capital. Therefore, as in Afghanistan today, you tend to have governors who are responsible for projecting state power into the district, but who have been appointed for political reasons in the center. I think one of the key constitutional assets of the Taliban insurgency is the reputation of the leadership councils in North Waziristan and other Pakistani sanctuaries for reliably rewarding successful local commanders.

When foreign assistance helps keep control outside the capital, national leaders naturally prefer to centralize more power to themselves; but this centralization alienates local elites, weakens the state, and perpetuates dependence on costly foreign assistance. Requiring some decentralization as a condition for foreign assistance may actually help counter such incentives for excessive centralization. For example, the constitution of Afghanistan says nothing about who chooses the governors. They've been appointed by the president. It would be equally compatible with the

written constitution if Karzai had no role in appointing governors, but they had to have the confidence of a majority of their provincial council. If the US ambassador or NATO generals were to insist, "We will not help you one bit more unless you accept that the provincial councils choose the governors," that would sound like intervention in a sovereign state. However, Karzai wouldn't have had such a powerful centralized system if we hadn't been there to prop him up. He would have had to negotiate as well, so this sort of intervention may actually reduce the political impact of our foreign assistance.

[D]evelopment assistance should be under the direct control of indigenous political leaders.

The Anbar Awakening gives us a good historical example. In 2006, tribal leaders in Iraq's Sunni Anbar province took great personal risks for political rewards that they received in the early 2009 elections for the provincial government. The provincial government in Anbar province today is a coalition that is headed by the Awakening party. If there had not been a degree of decentralization in the Iraqi constitution, there's just no way that the Sunni tribal sheiks in Anbar province would have had any way of turning a short-term good relationship with American commanders into long-term political power. If Iraq had a constitution like Afghanistan has today with a centralized presidential system, there's no way national politics would have depended on rural Sunni sheiks as a pivotal voting group; but in provincial government, it could. It was not George W. Bush's surge of troops, but rather the Iraqi federal constitution, that deserves much of the credit for the great success of the Anbar awakening.

I also want to toot the horn for the American Articles of Confederation, which distributed power broadly among thirteen locally elected provincial assemblies in our own American Revolution. We all know how difficult this made it for

George Washington to get money to support his army, but we don't recognize – and should – that political decentralization guaranteed every community in the thirteen colonies their own local big-shot, their representative to the colonial assembly, who knew he had a direct personal vested interest in the power of the new American republic. That, I believe, is what made the American Revolution unbeatable: wherever the British army was not in force, people could reorganize the authority of the political regime. The British really could only have beaten the Americans by creating new provincial assemblies themselves, but since that's what generated the Revolution, they weren't about to do that.

Everything I've said is compatible with David Galula's counterinsurgency statement, that the essential goal of a stabilization mission is to build a political machine from the population upward, and that political machines are essentially built on patronage. We should recognize that the key to democratic development is to increase the national supply of leaders who have reputations for using public funds responsibly, and not just to give jobs to their supporters. When the goal is political reconstruction, the essential measure of success for any development project should be how it enhances the reputations of political leaders who spend the project's funds. Outputs of public goods should count only towards this political end. All public services that we're paying for in development assistance should be under the direct control of indigenous political leaders.

In the Accra statement of a few years ago, one proposal was that minority parties in the national assembly should be allowed to submit proposals to international development agencies. There should be two conditions on giving the largest share of foreign assistance to a national government: (1) transparent accounting to the public that we're benefiting, in order to build these reputations; and (2) allowing some fraction of foreign funds to be given to other political groups outside of the national ministries, such as local governments, locally elected councils, or even minority groups.

Who Profited from the Iraq War?

Linda Bilmes

The next question after “How much did the war cost?” is, “Where did the money go?” Issues such as corruption, fraud, and war profiteering attract media attention, but there’s a more fundamental question about who were the primary beneficiaries of the very large amounts of money that have been dispersed by the US government.

The work involved in putting this together is enormous. It involves looking through financial statements of thousands of companies and hundreds of thousands of contracts. The transparency is very poor, so I’m still trying to make sense of what I’m finding.

Joe Stiglitz and I have estimated the total budgetary and economic cost of the war as somewhere around \$4 trillion and growing. That \$4 trillion includes operational components, long-term veterans’ benefits, Social Security benefits, long-term military reset, and a variety of other social and economic costs. This study looks at the most narrow subset of this, which is about \$1.7 trillion in direct operational costs and increases to the Department of Defense budget.

The short answer to who benefited from the wars is:

- 1) unsurprisingly, the petroleum industry;
- 2) surprisingly, the large health care companies serving the military;
- 3) defense contractors (particularly highly specialized defense contractors like those who make specialized armor, do infrastructure and munitions cleanup, and train the Iraqi police); and
- 4) within the military, the army has been the big winner compared to the other forces.

We know that the story of Iraq is almost inseparable from the story of oil. Before the wars, Iraq was a small but significant oil exporter to the US. After the war started, production fell off; so one set of beneficiaries were those who made up the gap, primarily Canada and Mexico. Petroleum-related expenditures have averaged about 10 percent of US war spending in Iraq, and about 25 percent of US war spending in Afghanistan. In Iraq there were more than 500 bases being operated with their

own generators. There were about 42,000 specialized military vehicles in Iraq, using very high octane fuel costing about \$13 for a liter of fuel, on vehicles that go about two miles a gallon. That’s about \$26 per mile for fuel.

Secretary Gates estimated that every one-dollar price increase in a barrel of oil costs the Department of Defense \$130 million. This rise in oil price from \$25 per barrel to \$140 per barrel at the peak in 2008 was a major factor in the rise in operating costs.

Why is it that the costs in Iraq and Afghanistan grew from about \$4 billion a month in the early stages of the war, to about \$16 billion a month by 2008? The GAO, Congressional Research Service, CBO, etc. have pointed out that increases in personnel and operating tempo only explain a small part of this rise. One of the major explanatory variables has been the increase in oil prices.

The average troop today consumes 27 gallons a day, compared with 1.6 gallons per day in World War II. Secretary Gates estimated that every one-dollar price increase in a barrel of oil costs the Department of Defense \$130 million. This rise in oil price, from \$25 per barrel to \$140 per barrel at the peak in 2008, was a major factor in the rise in operating costs.

Ten percent of the top 100 DoD contractors are now petroleum companies, including three in the top 20 contractors, compared with zero in 1999. The scale of some of these contracts is simply stunning. Just last week International Oil Trading Company in

Florida was awarded a \$1.1 billion new contract. There are hundreds of other oil companies that are lower down the food chain, but to give you a sense of the scale of it, the top three (BP, Royal Dutch Shell, and Bahrain Petroleum Co.) earned \$5.5 billion in 2009 for Defense Department contracts associated with Iraq and Afghanistan.

The second sets of companies that have profited from the wars are the health care providers to the military. TRICARE is the medical insurance provider for active duty troops, retirees, and dependents. This has been the fastest growing component of the Defense Department’s budget for some years now, growing at more than 85 percent in real terms in the past decade. It’s now about 10 percent of the total defense budget, up from less than 6 percent in 2001. Three companies – Humana, Healthnet, and Tri-West Health Care – administer TRICARE’s three regions. If combined, they would actually be the sixth largest defense contractor: bigger than KBR, and just below the biggest defense contracting names such as Lockheed, Northrop Grumman, and Boeing.

A significant amount of this growth in military health care costs can be attributed to the war. First of all, for the active duty service members and their families, the differential between the costs of participating in TRICARE compared with the cost of paying for private insurance has grown enormously over the past decade. Per year, TRICARE costs \$250 for an individual, and \$460 for a family – compared to a cost of at least \$4,000 in the private sector for similar coverage. Before the wars, the co-pays for TRICARE were scheduled to be increased; but that was canceled every year because of difficulties in recruiting. Accordingly, the percentage of enrolled eligible service members/families has grown from 45 percent in 1999 to 71 percent today. In just in the last two years, more than 400,000 service members and families have joined TRICARE. TRICARE has also been expanded to include mobilized Guards and many

Continued on page 6

Who Profited from the Iraq War? (continued)

CONTRACTOR	REVENUES	SOURCE OF NET INCOME INCREASE (10% OR MORE)
Lockheed Martin	\$105bn	Joint Strike Fighter contract, the most lucrative in history - virtual monopoly
Boeing	\$90bn	With new Saudi deal of F-15 fighters, benefits from recycled petrodollars
Northrup Grumman	\$62bn	Makes ships, has least exposure to war; bought Litton, Avondale, Newport News Shipbuilding
General Dynamics	\$46bn	Makes ground vehicles and ammunition, so has highest exposure to war
Raytheon	\$42.5bn	Defense technology and training, homeland and border security, cybersecurity
KBR	\$24.2bn	Largest contractor for US Army, top-ten contractor for DoD; world's largest defense services provider

BIG 5 CONTRACT REVENUES INCREASED FROM \$45 TO \$103 BILLION FROM 2000 TO 2009 (IN 2010 US DOLLARS)

reservists who were not previously eligible. Utilization of services by active duty and their families has risen significantly as well, particularly for services such as counseling for active duty military, their spouses and children, and treatment for common musculoskeletal disorders that are typically incurred during active duty.

This has produced very healthy profits to the companies. The largest TRICARE provider, Humana, has tripled its revenues during this period; its profits have gone up about nine-fold, and the specific military premia income among after-duty troops has gone from \$2.6 billion to \$4.5 billion. The other companies enjoyed similar benefits.

Third, let's turn to the most complicated sector: defense contractors. Just this past year, DoD awarded over 500,000 contracts for a total value of more than \$350 billion. At least \$200 billion has been spent in Iraq and Afghanistan on contracting since 2001. Procurement grew from 10 percent of war outlays in 2004 to 34 percent in 2008. That also includes the oil contracts. This research is particularly diffi-

cult because many of the Pentagon's core tracking databases are dysfunctional. Several different systems are especially problematic. The Synchronized Pre-deployment Operational Track (SPOT) system is supposed to track information on contracts and personnel. However – in the way of all the wonderful euphemisms that come out of the war – the Pentagon refers to it as a system on which it has “lost visibility.” In 2010 the system reported \$22.7 billion in contracts, but the GAO found it had missed out at least \$4 billion due to double-counting, under-counting, and over-counting.

Another malfunctioning database is the CENTCOM tracking system. CENTCOM is the military command for the region. To prevent money falling into the hands of insurgents, this system is supposed to vet all non-US vendors who receive more than \$100,000. However, the system is not working, because 74% of the vendors receive less than \$100,000 – in some cases, just a few dollars less. Perhaps most disturbing is that over \$40 billion (at a very conserva-

tive estimate) has been spent on a category called “Miscellaneous Foreign Contractors.” After Lockheed Martin and Boeing, “Miscellaneous Foreign Contractors” comprise the third largest contractor over the last 10 years, yet these are contractors on which there is no information.

Despite the lack of transparency in the Pentagon's tracking systems, it is possible to piece together a partial picture of contractor earnings by searching the federal government's overall procurement database and by looking at the financial statements of the contractors.

The major war activities involving contracted support were: construction and operation of over 500 bases in Iraq; land and air transportation; training of the Iraq and Afghan police and military (over \$70 billion); infrastructure to support US military presence; reconstruction of water, roads and utilities in Iraq and Afghanistan; environmental cleanup; production of armed vehicles, Humvees and M-RAPS; and security services. Security services are all provided by private companies, such as

Who Profited from the Iraq War?

Blackwater, and make up between 10 and 15 percent of expenditures. The firms that were involved directly in these activities were the primary beneficiaries of government war expenditures [see table, opposite].

The war spending has produced a fundamental restructuring of corporate earnings for some of the publicly traded companies involved in these activities. For example, the Halliburton subsidiary KBR, which holds the biggest operational contract, LOGCAP (Logistics Civil Augmentation Program, providing contingency support), was the thirty-seventh largest Pentagon contractor in 1999, with contract values of \$830 million. By the time it spun off from Halliburton in 2006, it was the sixth largest, with contracts totaling \$24.2 billion. Another example, DynCorps – owned now by the hedge fund Veritas Capital – has grown very rapidly in profits and revenues. Fluor grew its operating profit from \$23 million in 2001, to \$142 million in 2010. URS grew from revenues of \$2.3 billion to \$9 billion. L3 Communications, which provides helicopter transportation, has seen its earnings rise from \$2.3 to \$15 million, and net income from \$116 to \$966 million.

Some of the firms that have earned the most money are privately held. These include Washington Group International, which does a lot of the construction of the bases; Environmental Chemical for munitions disposal; Armor Holdings – over \$1 billion for armor for military vehicles; International American Products for the electrical wiring; and First Kuwaiti General, which built the US Embassy.

The fourth beneficiary from war is the Army, and to some extent, the Marines. Traditionally, the military has divided funds among the forces on the basis of historical proportions. However, during

the past decade, it has invested much more in the Army, particularly in expanding the number of active duty troops. The number of forces in the Marines has also increased, though only temporarily. Meanwhile, the Pentagon has disinvested in the Navy and Air Force. The Air Force now has 2500 fewer aircraft, and the Navy has fewer than half the number of ships, as before the war.

Iraq wants to quadruple its oil production, and has awarded 12 major contracts so far: six of them for oil fields that are already known and producing, and...six for fields that are not yet commercially developed.

One final objective is to identify who stands to reap the financial benefits from the aftermath of the conflicts. Iraq has the fourth largest known oil reserves in the world. It also has the tenth largest natural gas reserves and enormous amounts of minerals. These are concentrated in the northern Kurdish regions, and in the southern Shia regions, leading to many of the problems with the Sunni population in the middle.

The oil industry will be the main beneficiary of expanding oil, gas and mineral production in the future; but not, by and large, those firms based in the US and the UK. In Afghanistan, China has emerged as the biggest winner. China National Petroleum has signed a \$3 billion deal to develop minerals, and it has

signed the main deal for oil and gas reserves in Afghanistan. The US position has been that anything that can develop the economy in Afghanistan is a good thing, and we don't want it to appear as if we're in there for the oil; so China has become the de facto winner.

In Iraq, Exxon Mobil has a big contract in Kurdistan, but there have been also been major deals with producers in Turkey, Iran, China, South Korea, and France. What these actors have in common is that they did not support the US invasion. Turkey, for example, has emerged as a big winner with an \$11 billion contract to build housing, several billion dollars to expand wholesaling distribution. South Korea is building several billion dollars in power plants, and has cornered the market on a lot of the infrastructure services that will enable Iraq to increase its oil production.

Iraq wants to quadruple its oil production, and has awarded 12 major contracts so far: six of them for oil fields that are already known and producing, and the other six for fields that are not yet commercially developed. South Korea, Turkey, and France have emerged as the winners in providing the water and electricity infrastructure needed to make even half of the planned expansion come true.

In conclusion, this is a very early picture of who the beneficiaries were in Iraq and Afghanistan. What we see is that the cost of the war is not the whole story. I think the overall lesson from doing this research is that, as with constructing the cost of the war, finding it so difficult to figure out where the money was spent is a disturbing problem. The nation would be better served if our tracking and accounting systems allowed this scale of spending to be transparent, so we have the potential to draw lessons from it for the future.

Ten Companies Profiting Most from War. According to SIPRI (Stockholm International Peace Research Institute), global sales of arms and military services by the 100 largest defense contractors increased to \$411.1 billion in 2010. Their recently-published annual report on the leading arms-producing companies identifies the largest in the sector, as well as as their arms sales as a percentage of their total sales. Based on the report, *24/7 Wall St.com* has compiled a slideshow of the 10 companies with the highest revenues from arms sales. Watch it at <http://247wallst.com/2012/02/28/ten-companies-profiting-most-from-war/>.

The Economics Of Arab Spring: A View From Egypt

Hamid Ali

It's very difficult to know what the economic causes of the regime change in Egypt were because it happened so suddenly. A review of the literature on the motivations of change leads to different arguments. One argument, pushed by Olson (1971), says revolution will never take place in poorer countries because of coordination failure, and "free-riding" will deter rational individuals from participation in collective action. However, if you look at what happened in Egypt and Tunisia there is another story – that revolution it is about sacrifice. I have some students that are very affluent, who participated in Tahrir Square. They expected to pay a price for participation, not to get a reward; so that argument is not going to fly.

DeGroot (2011) argues that, in the case of Africa, the probability of pro-democratic change in one country increases the probability of change in a neighbouring country if that neighbouring country is ethnolinguistically similar. If we look at the Arab world, the people have a similar history, culture, and system of government. This explains why the revolution in Tunisia triggered a wave of democratic movements across its borders to Egypt, Libya and Yemen, etc. It is similar to the changes that happened in the East European block. I think there is a good probability this wave will continue.

A different argument states the need to examine within-country socioeconomic differences, intra-group grievances (see e.g. Bahry, 2000, on Bahrain), and other individual-specific socioeconomic factors as more likely explanations of why a rebellion occurs. A comparison at the macro level may obscure the analysis of the "roots" of protests, as it would lack the micro perspective that acknowledges the heterogeneity of individuals and groups (cf. Kalyvas, 2006; Verwimp et al., 2009). People have different motives; but what has happened in the Arab world is that these disparate motives have created collective alliances, and leaderless revolutions. However, that lack of leadership is a major flaw of these revolutions. There

are collective alliances that are built on grievances, and each group comes acting independently to change the regimes. Aggregate country characteristics, like per capita income, economic inequality, and unemployment rates, generally perform well in predicting the occurrence or the absence of revolutionary protest. These are very important indicators, because the changes that have happened in the Arab world have come from within the system. They were not triggered from outside.

A comparison at the macro level may obscure the analysis of the "roots" of protests, as it would lack the micro perspective that acknowledges the heterogeneity of individuals and groups.

A Marxian structural approach touches on dependency, by which social, political, and/or cultural structures are perceived as dependent on the economic superstructure. I think this is the very core characterization of what happened. The whole system is driven by economic arguments, such as issues of inequality and unemployment.

Arab countries have a legacy of farcical elections and persistent rule of one party, one of single monarchs or sole dictators. However, there is also a history of joint political struggle under banners of nationalism, Arabism and Islamism. Since World War II, there have been protests and revolutionary movements in the Arab world. In the Arab Spring, we are witnessing the rise of sentiment for liberty, justice and equality in new forms. Through the internet and social media, people see how the rest of the world is behaving, how the rest of the world is changing the way their systems

of government are run; that's why people have now risen up.

Tunisia was no different from Egypt or Yemen. It's all one party, one dictator for life. Bourguiba and Ben Ali's efforts to control the powers of the state resulted in a public monopolization of economic activity. Favoritism and cronyism also helped undermine efforts towards political liberalization.

This was the case in the whole region. Egypt witnessed, in 1991, the move to the Washington consensus – that is, a free-market, growth-driven economy, including freedom for capital mobility. Income distribution remained sharply skewed, with millions of landless peasants, widespread illiteracy, and poverty, which might have contributed to bringing down the government.

Another important aspect is embedded in social contracts. During the Nasser era there was a bargain or social contract, in which the state was supposed to give you better life; in return, you needed to give up your freedom. That changed after 1981, when the state now said, "I am going to give you a margin of freedom, in return for which I'm going to free the markets." At that point the social contract almost disappeared. I would say the economic reasons behind the January 25th Revolution are poverty and inequality, which were manifested in labor strikes, the rise of the youth unemployment, population growth, and job market mismatch.

Egyptian society was paralyzed between two different spectrums. Mubarak created a large, ultra-rich and ultra-influential business class. To please supporters, special deals were carved out for land allocation, the awarding of large contracts (for example, natural gas, and construction projects), and the design of some policies (Galal 2011). They pursued a model of development that served their interests and those of their associates. The model reached its limits when several business leaders also became political leaders; the government was basically being run by the business class. This economic model was based on rapid economic

The Economics Of Arab Spring: A View From Egypt

growth that was supposed to have a trickle-down effect, create jobs, and so forth. It took too long, so the government instituted the 1,000 villages plan, which was supposed to have 1,000 villages out of poverty within five years. That never happened either (Galal, 2011).

The first ten years of the Mubarak period was the golden age. From 1981 to 1989 real GDP per capita (adjusted for inflation) rose by over 30 percent; but after the economic reforms and the 1990-91 Gulf War, income dissipated, falling from around \$6500 to just over \$1000 in three years (Grammy, 2011). According to United Nations figures, 20 to 30 percent of the population lives below the poverty line.

Looking at the quintiles of wealth distribution [see table below], the Gini coefficients, it's clear that the poorest quintile is getting about nine percent, while the super-rich get almost 40 percent of the income. It's a distinctly polarized society. Working from data from the University of Texas Inequality project (UTIP), I extended and updated the calculations, and it's obvious that Egyptian society is moving toward becoming a perfectly

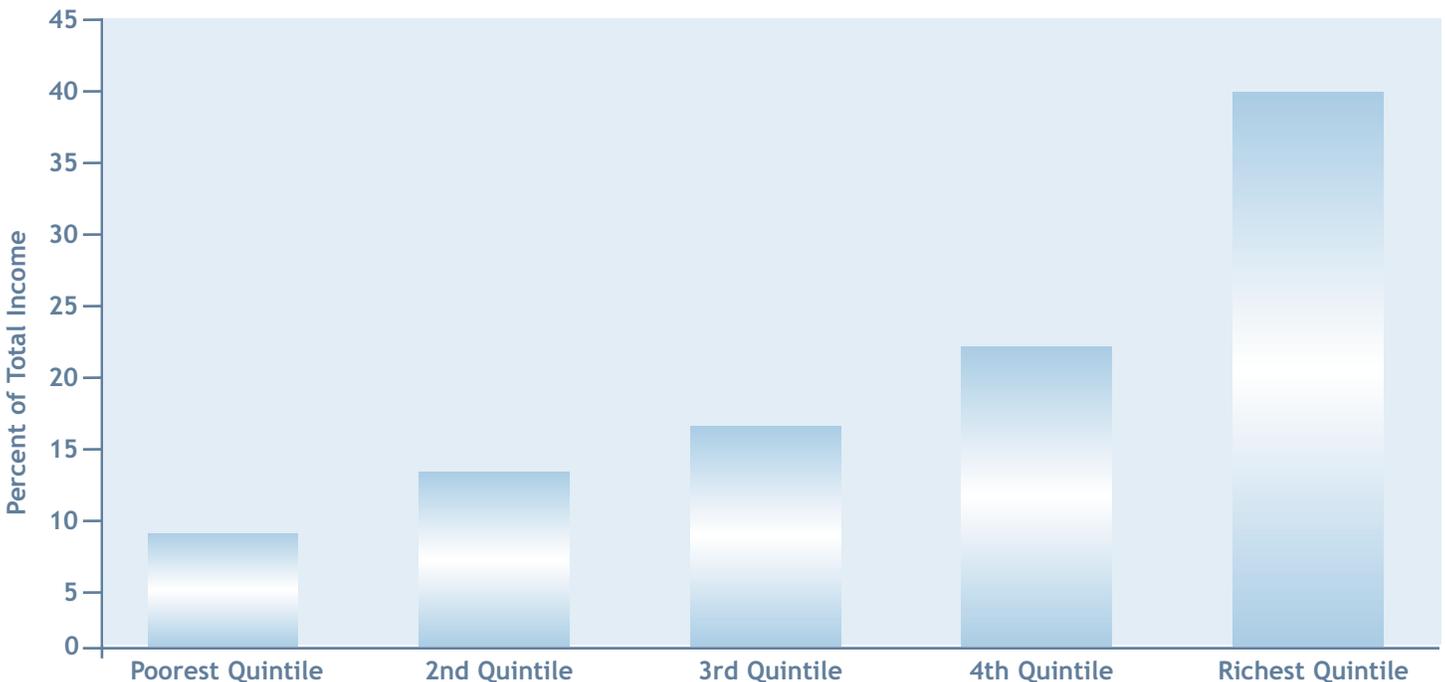
unequal one. The more economic reforms were instituted, the worse things became. There is an exact inverse relationship between Washington consensus reform and income distribution.

Labor strikes were another major factor in the January 25th Revolution. Labor strikes are against the law; under Egypt's marshal law and emergency laws, you could be taken to military court for engaging in normal labor strikes. In 2005, there were no labor strikes. In 2006, there were six labor strikes; these were all about pay increases, wages, and compensation. In 2010, there were 72 strikes, with increasing numbers of labor forces, syndicates, and professional organizations joining in. By 2011, we reached the explosion point where the revolution was triggered.

The last critical issue is population growth and the job market. According to UN estimates, the population grew by 90 percent – from 45 million to 85 million – in the last 30 years. This has led to a youth bulge; one in every five Egyptians is between the ages of 15 and 24. There are about 700,000 new graduates chasing about 200,000 new jobs every year,

and the percentage of new entrants to the market is about four percent each year. The chart on Youth Unemployment and Poverty [referring to slide, Egypt Human Development Report 2010] shows unemployment among university graduates. No matter how long they go to college, or how hard they study, still they remain unemployed. This creates a sense of helplessness and resentment, stemming from over-education and limited job opportunities. College graduates are driving taxis, working as waitresses, or in hotels, etc. It is even more discouraging to the poor. Even if they could go to college, still they would not be able to get ahead. There's no question that youth unemployment was a big part of what was happening in Tahrir Square.

In conclusion, the revolution is progressing. What has happened in Egypt stems from the same causes that triggered the Tunisian revolution. The region is yearning for democracy and rule of law rather than rule of men. Egypt has taken its first step toward a promising future, and hopefully this wave of progress will extend to its neighboring countries, particularly Sudan.



DISTRIBUTION OF INCOME IN EGYPT

Women In Transitions

Jennifer Olmsted

I'm going to start with a little bit of background on the socio-economic indicators for the region as a whole. There's a lot of variation in terms of the level of development and level of poverty in the Arab region. Although it's true that in recent years inequality has been a problem, the region is actually renowned for the fact that they've kept poverty rates and inequality low historically. Also interesting is that there's very little evidence of a feminization of poverty, although this has been a problem in much of the rest of the world; women as a category have not experienced much more poverty than men have.

There are huge changes happening around marital patterns, education, labor force participation, and household structure in the Arab region. Historically, there was the social contract of a family wage. Arabs in general were paid better than people in other parts of the world, in part due to the Gulf money and many migration possibilities; so within society, there was an understanding that the husband would work and the wife would stay home. However, unemployment in recent years has become a massive problem. This is endemic throughout the region both in countries that have revolted and in those that have not. I think a little caution has to be exercised about youth unemployment causing revolution. You can see it as an explanatory factor when it happens; but it doesn't explain why some countries have not seen that level of revolution.

Women's education levels have skyrocketed, to the point where women in the Arab world and in other parts of the Middle East – for example in Iran – now have higher college graduation rates than men. Women have also rapidly increased their labor force participation. Furthermore, the region has experienced the most rapid drop in fertility that's ever been seen; quite a few countries now are just at replacement fertility rates. There's a lot of change going on in the region, and exciting things happening for women.

Changing household structures are also noteworthy. There's been a myth

that the Arab household is usually an extended family; but in fact that hasn't been true for 30 or 40 years. Most households are nuclear families. Recently more young people are setting out on their own. Yes, unemployment is high, but there is movement towards increased independence.

The other striking fact: a couple of North African countries now have the highest age of marriage for women in the world. Libya has an average age of marriage for women at 29. There's also a rising proportion of never-married women. Again, there's considerable variation from country to country. I recently did some analysis of household level data for Egypt, Lebanon, Syria and Yemen. In Syria, I saw almost no young women setting up their own households; but in Egypt, I saw increasingly young women having the opportunity to set up their own households. Social norms are shifting.

[E]conomic problems such as high youth unemployment and concerns about rising food prices were a necessary, but not a sufficient, condition in the case of Arab Spring.

I compiled some macroeconomic and socioeconomic statistics. I found that there are massive differences in per capita GDP in the countries that have revolted. GDP per capita does not seem to predict whether countries will revolt. One would expect similar parallels regarding poverty. You have Bahrain with a poverty rate of eight percent, Yemen with a poverty rate of 35 percent. That doesn't seem to explain much, either. Urbanization: Yemen is still predominantly rural, but had revolution. Libya and Bahrain are predominantly

urban, so that doesn't have much explanatory power. Some of the youth unemployment numbers are appalling in countries that have not experienced revolt. In Algeria, almost 50 percent of the youth are unemployed, yet Algeria didn't have the kinds of massive demonstrations that Egypt did. While there's no doubt that youth unemployment is the crisis of the Arab world, it alone does not seem to explain what is causing unrest and regime change. I would argue that economic problems such as high youth unemployment and concerns about rising food prices were a necessary, but not a sufficient, condition in the case of Arab Spring.

The social safety net in the Arab world historically was understood as having two major components: subsidies on food and other basic commodities, and government employment guarantees. If you were a young person who got a college degree, you were guaranteed a government job in many Arab countries, and food subsidies were a de facto universal benefit. However, structural adjustment dismantled much of this in the '90s. Structural adjustment has been one of the factors causing unrest; but it's overstated because governments did respond to rising prices by reinstating food policies in an attempt to maintain cheap prices. I don't think we've yet solved the complex puzzle of what is triggering these rebellions; macroeconomic policies and macroeconomic conditions alone don't explain it well.

Let me just talk a little bit about post-Arab Spring elections, and women. Women were completely welcomed by demonstrators – as long as they were talking about revolution – but as soon as they started raising gender concerns, they were marginalized. Suzanne Mubarak had pushed for some legal changes in Egypt, which came to be labeled "Suzanne laws" by those who oppose them. Now, when post-revolution feminists try to bring up the need to either maintain or improve these laws, they are told that they are part of the old regime, the status quo, or the elite: "We don't want to hear about the legacy of

Women In Transitions

Mubarak.” There has been backlash against this perceived state-sponsored feminism. Hoda El Sadda (Professor of English Literature, Cairo University) argues that this was in fact not state-sponsored feminism. There were grassroots feminists and Suzanne Mubarak took up some of the issues; but it’s perceived as having come from above.

In Tunisia, post-Arab Spring, women now hold 23 percent of all parliamentary seats (a higher rate than in the US). One notable example is Suad Abdel-Rahim, a very successful female entrepreneur, who has emerged as a leader in the Islamist party al-Nahda. In fact, 85 percent of the women elected were al-Nahda (moderate Islamist party) members. In Egypt, it looks like the Muslim Brotherhood is going to take 40 to 50 percent of the seats, and the even more conservative Salafists stand to win about 20 percent. Perhaps a relevant question that has not been answered is what the economic position of the Islamists will be, particularly vis-à-vis neo-liberalism. I’ve been trying to dig up information on the economic position of the Islamists, and particularly the Muslim Brotherhood, but I haven’t found much. Islamists could be in favor of either a more statist approach, or more economic openness, as can be seen from disagreements among Islamists in Iran.

In the popular press, there’s a lot about women being losers in the post-revolution because of this anti-Mubarak backlash; but women don’t represent a single interest group. Many women support the Islamists. Why? One reason is that the Islamists have a very strong message of economic justice. Since they started rising to power in the ’80s, they’ve been talking about the need for income redistribution and various types of safety nets. This is something that is obviously very appealing for the average working-class person, and for women.

Islamists are also seen as authentic, indigenous. They are viewed as the major party to have been in opposition to the previous regimes. Their parties were often made illegal, which gives them more legitimacy now. They’re also seen as the only group that stands up to US

imperialism. This is true not only in Egypt and Tunisia, but in Palestine, where Hamas won the election in part because they were seen as standing up to the status quo. They’re also considered less corrupt, which is true up to a point; but there is cooperation between the Brotherhood and the Egyptian military, and the Salafists have been shown to be receiving the most foreign monetary support.

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Probably the most important factor is that most women, particularly working-class women, see their interests as very closely tied to those of their male kin, and don’t see gender issues as their primary objective. There’s also a lot of concern among more conservative, lower-class women about the penetration of Western influence in the media. Fox News now has a TV channel in Iran, showing mostly Mexican soap operas. I have a colleague who interviewed low-income Iranian Islamist women who support the government. These women are all up in arms about the Latin American soap operas because they’re full of divorce, extra-marital affairs, children talking back to their parents, and things these women find very disturbing. Globalization is a double-edged sword. It helped to trigger wider access to the media and communication; but people are very nervous and concerned. Islamists are seen as blocking some of what these women consider the more

problematic sources of media penetration.

What are the policy priorities of feminists? They’re pushing for more transparency in post-election budgets. In Egypt, there has not yet been any change in the budget. Many feminists are pushing for more spending on education and health, less on military. Some are pushing for gender budgeting, which looks at where the budget is being spent to determine how it influences different segments of society, and whether it affects men and women differently. In terms of political structure, in Tunisia there are quotas in place, which is one of the reasons that women were successful in the elections. In Egypt, Mubarak had put in quotas, so of course one of the first things the new regime did was take them away, because quotas were part of the old regime. Some of the smaller left-wing parties are putting in voluntary quotas. They’re pushing for more gender-neutral language in the constitutions, and they’re worried about personal status laws, particularly things like divorce law. There’s been talk about putting in a minimum wage, a maximum salary cap; so there are some economic issues as well that are on the table.

Many of the women that I talked with said, “We’re not happy about the moderate Islamists, but we think we can work with them. What we’re worried about is the more conservative groups, like the Salafists, getting more power.” The Muslim Brotherhood is seen as a fairly moderate force, and as not as deeply anti-gender equality.

There are those who believe this first government is going to fail because of intractable macroeconomic problems. If the Islamists come to power, they will have a very hard couple of years ahead of them. The big worry is that they may decide to reduce democratic processes; but as long as they maintain democratic structures, then they’ll be voted out if they’re not able to improve the economic situation. I think that Iran, having had an Islamist government for many years, is an interesting comparative case to look at as we see how some of these things may unravel.

Report from the South American Spring

Mark Weisbrot

A massive geopolitical change has taken place in South America over the last twelve years. The region has now become more independent of the United States than Europe is, and it has a lot to do with economic policy. I think people should be more interested in it because it's the only area in the world today that has seen real, positive, progressive change - over a long period - that has actually taken place through the ballot box.

The first cause of these vast changes was an economic growth failure in Latin America from 1980 to 2000, the worst in over 100 years. Total per capita growth for the region over that 20-year period was about 5.7 percent, compared to the prior two decades where the economy grew by about 92 percent. During the '80s and '90s, most of the big neoliberal policies were introduced: the biggest privatizations outside of the former Soviet Union; the move toward more conservative central banks; inflation targeting; more conservative macroeconomic policies (tighter fiscal and monetary policy, often pro-cyclical), the abandonment of any kind of development strategy, etc.

I think this huge, long-term growth failure associated with neoliberalism is the cause of the leftist, populist elections in Venezuela, Brazil, Argentina, Bolivia, Ecuador, Uruguay, and Paraguay - the whole continent now. In the process, they've changed the entire institutional structure of international relations. Even Colombia, which has one of the few right-wing governments - or non-left-wing governments - now sides with Venezuela, and against Washington, more often than not.

Argentina was a country stuck in its worst recession ever under IMF policies from mid-1998 to the end of 2001. Finally it couldn't go on any longer; they defaulted on their debt and dropped the pegged exchange rate, which the IMF had been supporting with tens of billions of dollars in loans. What happened? They shrank for about one quarter - lost about 5 percent of GDP - but then they grew about 90 percent over the next nine years, the fastest-growing economy

in the region. Poverty was cut by two-thirds; extreme poverty by about the same amount. They reached their pre-recession level of income in three years. The common myth is that this was all a commodities boom, but the data show exports contributed about 12 percent of the growth during that period, and commodity exports were maybe half of that. Actually, commodities were important because they provided needed foreign

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exchange, but they didn't drive the recovery at all. What really drove the Argentine recovery, and possibly would drive a European recovery if the weaker Eurozone economies ever freed themselves from the European authorities, was a change in macroeconomic policy. The central bank targeted what they call a Stable and Competitive Real Exchange Rate, and abandoned all the contractionary policies that the IMF was supporting. They were pretty much cut off from international borrowing, and didn't get much foreign investment, but that didn't hurt them. Thus, two of the things that traditionally were thought to be the most important factors were not important to the fastest growing economy in the hemisphere over the last decade.

Brazil has not moved as far from neoliberalism, and they have a giant

Wall Street problem, like we have in the US. The financial sector there is even more powerful than in the US, and has enormous influence on policy. That's why, even though the economy shrank in the third quarter of 2011, interest rates are still at 11 percent. Even after adjusting for inflation, Brazil has the highest real interest rates in the G20. The policy of the Lula government was, at first, to maintain an inflation-targeting regime. Inflation was kept within the target for seven years by controlling import and export prices, which was accomplished by depreciating the exchange rate. Of course, that had a very bad effect on manufacturing. After 2003, the government loosened up enough to double the growth rate from 2004 to 2010, even with the world recession. There was twice as much annual growth as there had been in the past 25 years. Lula increased the minimum wage by 60 percent in real terms, leading to income redistribution. There were also great increases in employment; there were some increases in social spending, but these had much less impact than the macroeconomic changes, and especially employment.

Except for Argentina, these countries have not come close to the growth that they had in the '60s and '70s. In fact, if Mexico and Brazil simply had continued to grow at the rate they had been growing from 1960 to 1980, there would be European living standards in Mexico and Brazil today. Anybody who's been to either of those countries knows how far they are from that.

There have also been very serious changes in Venezuela, Ecuador, and Bolivia. Venezuela is usually portrayed as the horrible enemy; you always have to remember that anything you hear in the US about Venezuela is basically like the Tea Party view of Obama; not just from Fox News, but from the rest of the networks and the newspapers as well. In a recent article about dictators in the *Guardian*, the author (an NYU political science professor) referred to Syria, Tunisia, Egypt, Yemen, and then Chavez. Venezuela was in there,

Report from the South American Spring

despite the fact that their elections are cleaner than ours are procedurally, and the government controls only a very small percent of the national media. The other side of the story is that their opposition has most of the wealth and income in the country, and competes very ferociously in elections.

The Chavez government couldn't do much for the first four years of its administration because it didn't have control of the oil industry, which is 95 percent of the country's export earnings and half the government budget; but after 2003, the economy grew about 95 percent in real terms in five and a half years. Poverty was cut in half, and extreme poverty by three-quarters. Access to health care and education was vastly expanded, more than doubling university enrollment. That's why Chavez keeps getting reelected, and will probably continue to do so as long as he survives.

Bolivia re-nationalized hydrocarbons, and very successfully instituted a countercyclical policy in recession. They had the highest rate of growth in the hemisphere during 2009 on a massive increase in public investment just at the right time. They also lowered the retirement age from 65 to 58 and included some millions of workers in the informal sector. That's very good, as the average male life expectancy is only 63. Bolivia was under IMF agreements for 20 years straight before Evo Morales was elected. In 2005, their GDP per person was less than it had been 27 years earlier.

Ecuador has some of the best economists of all the governments, and it does make a difference. Ecuador doesn't have its own currency; it has the dollar. They had to get creative in order to avoid a serious recession, successfully, in 2009. The banks were forced to repatriate money to the country. President Correa made good on a campaign promise to set up a commission to look into the debt. The commission found that about a third of the foreign debt was illegitimate, so the government defaulted on it. That resulted in big savings, and their credit rating is now no worse than it was before the default.

All of these countries did different things to improve their economies, and

then started to direct funds toward social spending and public investment. They've had the best growth in 30 years.

I could give more details for several of the countries, but I want to get to the other side of the story. This session is about regime change, and of course the United States didn't take these changes in governments and economic policies sitting down. Our government has its own concept of regime change, and tried very hard to reverse the direction this was heading.

All of these countries did different things to improve their economies, and then started to direct funds toward social spending and public investment. They've had the best growth in 30 years.

Some of you may know that there was a coup in Venezuela in 2002. What you may not know is that the US was involved in that coup. They paid the people who were involved, and lied about what happened during the coup in an attempt to help it succeed. The IMF, which is run by the US Treasury (in this part of the world, at least), took the unprecedented step of announcing four hours after the coup that they were ready to help the new government.

Bolivia does not have ambassadorial relations with the US. Relations were severed over a suspicion that USAID money was going to the opposition. They've had a lot less trouble since the ambassador was kicked out. It's not so much the money that's important, because all these opposition groups have a lot of money; it's really the 60 years of US experience in regime change that makes a difference.

Lastly, I just want to mention Honduras and Haiti. Those are the two places where the United States support-

ed successful regime change that overthrew their legitimately elected governments.

In Honduras in 2009, the US played a very strong role in making sure that the coup succeeded and was legitimized by elections that were rejected by the rest of the Organization of American States. In fact, this struggle goes on even now. The Obama administration so alienated Brazil and its other potential allies that they now have formed a replacement for the OAS, called the Community of Latin American and Caribbean Countries (CELAC). It had its first real organizational meeting a couple of months ago, to which everybody from the OAS was invited – except for the United States and Canada.

Haiti is another example of regime change with a tragic outcome. Here the US used the Organization of American States to overturn the results of an election. The OAS basically has admitted that they had no statistical basis and did no recount for overturning the results of the Haitian election in order to help put in a right-wing government.

Why does the US care about Honduras and Haiti? Because they are pawns in the overall game to reverse the left movement in Latin America. Honduras and Haiti have been the only ones the US could get. It was tried in Venezuela, and there was an attempted coup in Ecuador, in September of 2010. The attempts have been unsuccessful, partly because South America is now both politically and financially independent.

The IMF has lost almost all of its influence in Latin America, and with that, its loan portfolio went from \$20 billion to less than a billion in four years. It was at the top of a creditors' cartel, along with the World Bank and the IDB, which fell apart as well. This actually made a very large difference in policy independence. Most of the changes that I described would not have happened if the IMF still retained the influence that it had even in 2000. Therefore, I hope people will pay more attention to these major changes in Latin America brought about by democratically elected governments and real, positive, progressive change.



Economics of Regime Change session participants, left to right: Roger Myerson, Linda Bilmes, Hamid Ali, Jennifer Olmsted, Mark Weisbrot. Not pictured: Richard Kaufman, moderator.

EPS Netherlands/Belgium affiliate has launched its new website

The EPS European portal is evolving with more European affiliate websites coming soon

The Dutch-Flemish Affiliation of Economists for Peace and Security (EPS NL/FL) is a cooperation of Dutch and Flemish economists. It was founded in 1990 by Nobel Prize Laureate in economics Jan Tinbergen.

It emphasizes the relationships between economy and peace in the conviction that knowledge of these relationships, and the desire to act accordingly, are essential conditions for sustainable peace.

Visit the new website at <http://www.epseu.org/index.php/nl-about-us>.

The Economic Consequences of War on the US Economy

A new report by The Institute for Economics and Peace

The Institute for Economics and Peace (IEP) is pleased to announce the release of a new report that analyzes the macro-economic effects of US government spending on wars and the military.

The Economic Consequences of War on the US Economy examines five periods – World War II, the Korean War, the Vietnam War, the Cold War, and the Afghanistan/Iraq wars – highlighting the effect on seven macroeconomic factors: debt, consumption, investment, jobs, taxes, government deficits, and inflation.

The full report is available at <http://www.visionofhumanity.org/info-center/economic-consequences-of-war-2/>.

Economists Issue Statement on Capital Controls and the Trans-Pacific Partnership Agreement

Signed by several EPS fellows and members

Initiated by the Global Development and Environment Institute of Tufts University (GDAE) and the Washington DC-based Institute for Policy Studies (IPS), this economist statement calls for negotiators of the Trans-Pacific Partnership Agreement to recognize that capital controls are legitimate prudential financial regulations that should not be subject to investor claims under trade and investment treaties. An increasing number of governments around the world are using capital controls and other macro-prudential measures in responsible ways to deal with heightened international financial instability.

Read the full statement at http://www.ase.tufts.edu/gdae/policy_research/TPPAletter.html.



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• **April 23 – 25, 2012** 5th IMA International Conference on Influence and Conflict, at the Royal Military Academy, Sandhurst, UK. This conference will provide a forum for the exploration of the synergy between soft and hard power in conflict situations. Emphasis will be upon the contribution that explicitly analytical approaches can make to this theme. The conference topic brings to the fore the art of strategic communication. It also requires the melding of ideas from a wide range of disciplines – primarily focusing on mathematics but also including decision sciences, diplomacy and international relations, peace and war studies, anthropology and psychology, military and political science, linguistics and communication studies – whose practitioners and scholars presently engage with the influence and conflict.

Details are at http://www.ima.org.uk/conferences/conferences_calendar/influence_and_conflict.cfm.

• **June 16 – July 14, 2012** The 2012 Bologna Italy Symposium on Conflict Prevention, Resolution & Reconciliation will be hosted by The International Peace and Security Institute in cooperation with Johns Hopkins University Paul H. Nitze School of Advanced International Studies (SAIS). The Symposium will bring together the globe's brightest young minds from top graduate institutions, NGOs, international organizations, grassroots peace movements, and the armed services. Over a four-week period, from June 16 through July 14, participants will undergo intensive training by the field's premier political leaders, academic experts, practitioners, and advocates in the practical skills necessary to foster peace and security in their communities and the world.

To learn more or to apply for the Symposium, see <http://ipsinstitute.org/bologna2012/>.

• **June 21 – 22, 2012** The sixteenth International Conference on Economics and Security will be held in Cairo, Egypt, hosted by Economists for Peace and Security (Egypt), and the American University in Cairo. The conference aims to provide an opportunity for defence and peace economists from around the world to share ideas and discuss the future developments in numerous areas. A complete list of topics is at <http://conf.aucegypt.edu/Conferences/ConfHome.aspx?Conf=ICES-2012&Title=Call for papers>.

You are cordially invited to submit abstracts and papers on these topics. Offers of papers on other related topics are also welcomed. The deadline for submission of abstracts (300 words or less) has been extended to March 31, 2012 instead of March 22, 2012. Final papers for accepted abstracts are due on May 21, 2012. Contact Dr. Hamid E. Ali, hali@aucegypt.edu, for further information.

• **June 25 – 27, 2012** The 12th Jan Tinbergen European Peace Science Conference, and annual meeting of NEPS, will be held at the DIW Berlin, Department of Development and Security, Mohrenstr. 58, 10117 Berlin, Germany.

Details about the conference can be found here: <http://www.europeanpeacescientists.org/jan.html>.

• **June 29 – July 3, 2012** The 87th annual Western Economics Association International conference will be held in San Francisco, California at the Hilton San Francisco Union Square.

Find out more and/or register for the WEAI conference at <http://weai.org/AnnualConf>.

• **July 21 – August 18, 2012** The Hague Symposium on Post-Conflict Transitions & International Justice will be hosted by The International Peace and Security Institute in partnership with the Clingendael Institute of International Relations. The Symposium, to be held in The Netherlands, will bring together 60-80 of the world's brightest young minds from top law schools, graduate institutions, international organizations, judiciaries, grassroots justice movements, and the military.

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IN THE NEXT ISSUE OF EPS QUARTERLY

On January 8, 2012, EPS hosted its second panel session, "Sustainability," at the American Economics Associations meetings in Chicago. This June, look for summaries of the panel members' presentations :

Robert J. Gordon (Northwest University) on Sustainable Growth
J. Barkley Rosser (James Madison University) on Sustainable Energy
Allen Sinai (Decision Economics) on Sustainable Jobs
Richard Parker (Harvard University) on Sustainable European Union
Moderator: James K. Galbraith (Economists for Peace and Security)