

ECAAR NEWS NETWORK

The Newsletter of Economists Against the Arms Race

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Dear Members

We wanted to get a newsletter out to you at the start of summer holidays to bring you up to date on our projects and give you a preview of the planned activities for the fall and winter. You will find updates on the conference at Notre Dame and the panels for the December AEA meetings.

We have been very involved in the formation of foreign chapters and you will find a report from Professor Walter Isard on the inauguration of Economen Voor Vrede, the Dutch-Flemish affiliate. There are further chapter developments in Australia, Bulgaria, Canada, England and the Soviet Union.

The memberships from the December mailing to the US and Canadian members of the AEA continue to arrive. ECAAR's membership is now over 700. We thank all of you for your support and encourage you to inform your colleagues about us and help the organization's growth. If you have been engaged in any activity related to ECAAR please inform us.

Membership Renewal

We have recently done a sort of our members and pinpointed those who joined in 1988 or early 1989 but have not renewed. Those of you whose names turned up will find a renewal slip enclosed with this newsletter. We encourage you to use them it. Membership dues and contributions provide the working capital for ECAAR. For all of our large projects, such as conferences and the Essay Contest, we seek foundation support. As ECAAR grows it costs more money. Last fall we got by with 300 newsletters. We now start each edition with a 1000 copy run; more printing, more postage. As we strive to reach out to members and to our foreign colleagues, our phone and FAX bills increase. We continue to operate with minimal paid staff (1) and "at home", which keeps the operating costs as low as possible. Though growing, ECAAR cannot call on a large membership base, therefore the support of every member is crucial. We hope each of you will renew your commitment to the work of ECAAR. The effects of your continued participation are immediately beneficial and evident. Your dues are a source of support for ECAAR's growth in members and programs. We are at the beginning of our ability as economists to contribute to making a better world.

ECAAR-IIPS Conference

The conference to be held in joint sponsorship with the Institute for International Peace Studies (IIPS) at the University of Notre Dame is confirmed for November 30- December 1, 1990. The Co-chairs for the conference, entitled: "Economic Issues of Disarmament" are Lawrence Klein and Jurgen Brauer. Over the two-day period four themes will be explored in seven panels (schedule below).

Since our last newsletter when we first announced the conference, ECAAR has pursued foundation funding for this project. While our proposal is still under consideration by some of the foundations, a decision was made to proceed with the conference even if unsuccessful in gaining further foundation support. It is an important and timely undertaking. Currently funds have been pledged by ECAAR and IIPS, Notre Dame's School of Business Administration, College of Arts and Letters and the Kellogg Institute for International Studies.

Conference Agenda

- Panel 1: Disarmament and Economic Conversion in the US
Chair: Jeff Dumas (Univ. of Texas-Dallas)
Speaker: Jeff Dumas
Kenneth Arrow (Stanford Univ.)
- Panel 2: International Trade Flow Ramifications of Disarmament
Chair: Jurgen Brauer (IIPS-Notre Dame)
Speaker: Jeff Bergstrand (Notre Dame, Business)
Charles A. Waite* (US Census Bureau, Asso. Director, Economic Programs)
- Panel 3: Mutual Disarmament in NATO and WTO countries
Chair: Lawrence Klein (Univ. of Penn)
Speaker: Lawrence Klein (Univ. of Penn.)
Betty Lall (Council on Economic Priorities, New York)
Michael Intriligator (UCLA)
Bob Reischauer* (CBO)
- Panel 4: Environmental Impact of Disarmament
Chair: Robert Schwartz (Smith Barney)
Speaker: Lester Lave (Carnegie Mellon GSIA)
William Weida (Colorado College)
Arjun Makhijani* (Institute for Energy & Environmental Research)
Faye Duchin* (New York University)
Robert Alvarez* (Senior US Senate staff)
Dan Reicher* (NRDC)
- Panel 5: The Macroeconomics of Disarmament
Chair: James Galbraith (Univ. Texas-Austin)
Speaker: Ann Markusen (Rutgers Univ.)
Robert Eisner (Northwestern)
David Gold (UN Center on Transnational Corporations, New York)

Panel 6: Historical Dynamics of the US Military Budget
Chair: James Galbraith
Speaker: James Galbraith
James Kurth (Swathmore)
Mark Kamlet (Carnegie Mellon)
Richard Kaufman* (Joint Economic Comm.)

Panel 7: Disarmament and Third World Development
Chair: Walter Isard (Cornell)
Speaker: Manas Chatterji (SUNY-Binghamton)
Amartya Sen (Harvard)
Saadet Deger* (SIPRI)

* To be confirmed and/or dependent upon further financing.

KEYNOTE ADDRESS: Confirmed speaker is Kenneth Arrow (Stanford); possible respondents are Michael Boskin (Chairman, Council of Economic Advisors) and Jack Keane (Dean, Notre Dame School of Business, formerly director of the US Bureau of the Census).

Notre Dame University officials Governor Jack Gilligan, Director IIPS, President Father Edward A. Malloy or Father Theodore Hesburgh, President Emeritus will address the conference during Friday lunch.

Plans are being made for publication of the papers. There will be further details in the autumn newsletter. Inquiries may be addressed to Dr. Jurgen Brauer, Institute for International Peace Studies, Economic Issues of Disarmament Conference, University of Notre Dame, P.O. Box 639, Notre Dame, IN 46556.

United Nations Report

As we mentioned in the last newsletter ECAAR applied for and received NGO status with the United Nations through the Department of Public Information (DPI). Two representatives were chosen: Robert Schwartz (permanent) and Dorrie Weiss (alternate). ECAAR's NGO status was approved in time for us to attend the two day orientation meetings held by the Department of Public Information for new NGO's. The sessions were intended to familiarize NGO representatives with United Nations' agencies and various resources at our disposal such as the NGO Resource Center, libraries, and map room. We learned how to access other data sources such as film and photographic archives as well as computer databases.

There were formal panel presentations by members of the NGO Resource Center staff and other departments of the UN, including the General Secretariat, the Economic and Social Council, Disarmament and Development Committees and the Peacekeeping division.

Mr. Farouk Malawi, head of the Department of Public Information, encouraged NGO representatives to make full use of the resources available to us. He provided insights on how to be an effective NGO by chairing a panel of long time NGO representatives who shared some of their experiences in working at the UN. It was stressed that NGOs play an important role in the UN system and in addition organizations have a responsibility to inform their constituents and the public of UN activities and accomplishments. To facilitate this function, DPI holds an NGO briefing every Thursday morning with a formal presentation of one ongoing program and an agenda of UN meetings and activities for that week.

There was a great deal of excitement about the importance of this historical moment, in particular the increasing and changing role of the UN in finding peaceful solutions to conflicts. UN activities aiding the transition and democratization process in countries such as Chile, Namibia and Nicaragua were discussed in detail.

From ECAAR's perspective it was a good opportunity to meet other NGO representatives involved in disarmament issues. There are both permanent UN and NGO Disarmament committees. The NGO Committee on Disarmament held a three-day forum entitled: "The 1990s: New Approaches to Ensure Global Security, Promote Disarmament and Development, and Preserve the Environment" on May 9-11. Sessions were attended by Robert Schwartz and Margaret Hartnett. The panels covered issues including European Security, Nuclear Weapons Control, Security and Disarmament in SE Asia, Arms Transfers, the Peace Dividend, and the UN Role in Security in the 90s.

We are looking forward to an active relationship with the UN and will apply for a higher level of association designed for international organizations: consultative status with the Economic and Social Council (ECOSOC).

Should any of you wish to attend briefings or meetings while in New York, please contact us in advance as we can arrange guest passes.

Foreign Affiliates

THE NETHERLANDS The founding meeting of Economen Voor Vrede, the Dutch-Flemish chapter of ECAAR was held on May 16, 1990 in the Town Hall, Rotterdam. This meeting was part of a three-day conference on Nationalism and Peace on a Small Planet, sponsored by the City of Rotterdam in celebration of its 650th birthday and in commemoration of the 50th anniversary of the bombing of Rotterdam during World War II. Highlighting the inaugural meeting was a panel session organized by nobel laureate Professor Jan Tinbergen, Trustee of ECAAR and Professor Piet Terhal, both from Erasmus University.

The panel which drew an attendance of approximately 100 scholars was chaired by Wim Duisenberg, President of De Nederlandsche Bank, N.V. Members of the panel were: Professors Jan Tinbergen, Stanislav Menshikov (Prague and Moscow) and Walter Isard (Cornell). The discussion centered around three economic issues:

1. The re-allocation of military expenditures, its consequences for welfare, employment, long term economic and ecological security dependent upon various alternatives for such re-allocation and the restructuring of economic relations worldwide.

2. The re-emergence - in the wake of new democratic freedom - of various types of nationalism and the role which economic analysis of optimal level of decision making may play in mitigating some of the conflicting claims arising out of such new freedom.

3. The task of handling peacefully the manifold and complex economic relations both within Europe and between Europe and the rest of the world. One aspect of this is the evolving relations between an enlarged EEC and the countries of COMECON. The other is the fact that any substantial change within Europe affects many other parts of the world, directly or indirectly.

Professor Tinbergen in his remarks addressed the question of the optimal distribution of decision making among different levels of authority - supranational, national and local. He discussed the extent of foreign aid required of industrialized nations to prevent a widening of the gap between wealth and poverty among nations. Much of his discussion was drawn from his current book, World Security and Equity, Gower Publishing Co.

Professor Menshikov presented critical issues of economic adjustment and nationalism in Central and Eastern Europe, reflecting in part his experience as Editor of the World Marxist Review. Of particular interest was the factual material he presented on the size and qualitative features of the military-industrial complex, now a formally recognized sector of the Soviet economy.

Professor Isard discussed research directions for improved economic models of the global system, involving the concurrent use of econometric, input-output, social accounting, and gravity-type trade models. He drew heavily upon materials in his current book, Arms Races, Arms Control and Conflict Analysis: Contributions from Peace Science and Peace Economics, Cambridge University Press.

The members of the chapter, numbering 110, anticipate conducting a number of research projects on the topics that were discussed and plan to develop a communications network

to disseminate their findings. There was expressed a strong desire to initiate interaction between members in the U.S.A. and other chapters of ECAAR.

JAPAN We have been communicating with Professor Akira Hattori about the Japanese ECAAR affiliate. They plan an organizing membership meeting for June 22. Public meetings which were considered for August are now more likely to be held in October when co-chair Lawrence Klein and possibly other ECAAR board members will be in Japan.

AUSTRALIA Professor David Throsby from Macquarie University in Australia while in the US as a consultant to the World Bank, visited our office in New York and explored plans for a chapter in Australia. We are in contact with other interested colleagues at the Universities of Sydney and Melbourne as well as Macquarie. We expect an Australian chapter will be established when Professor Throsby returns and meets with fellow colleagues.

EASTERN EUROPE Professor Nansen Behar of the University of Sophia is completing his appointment at the Institute for East-West Security Studies and returning soon to Bulgaria. He has formulated plans for the initiation of a chapter there.

Professor Stanislav Menshikov has given thought and effort toward an affiliate in the Soviet Union. As noted above he participated in the inauguration of the Dutch-Flemish chapter and will return to the US to participate in an ECAAR sponsored panel at the December AEA meetings.

1990 AEA Meetings

Walter Isard and Robert Schwartz are coordinating the ECAAR sponsored panels for the December 1990 American Economic Association meetings, to be held in Washington, D.C. The currently have three panels formalized with others in formation. The topics and participants to date are:

1. Conflict and Peace Economics II: Disarmament Effects and National Protection (with Peace Science Association, International)

Presiding: Walter Isard

Papers: Gerald F. Adams (Univ. of Pennsylvania)
"Macro Economic Effects of Disarmament in the Global Economy"
Jon Haveman, Alan V. Deardorff & Robert M. Stern (Univ. of Michigan)
"The Economic Effects of Unilateral and Multilateral Reductions in Military Expenditures in the Major Industrialized & Developing Countries"
William G. Shephard (Univ. of Massachusetts)
"Efficient levels of Post-Military Spending on National Protection"

Discussants: Peter H. Pauly (Univ. of Toronto)
Sherman Robinson (Univ. of California-Berkeley)

2. Peace Economics: Scope Nature and Future Directions
Presiding: Sol Polacheck (SUNY-Binghamton)

Papers: Walter Isard (Cornell Univ.) and Charles H.
Anderton (Holy Cross College)
"A Survey of Peace Economics and Its Future"

Discussants: Martin C. McGuire (Univ. of Maryland)
Jack Hirschleifer (UCLA)
Murray Wolfson (California State Univ.)
Mancur Olson (Univ. of Maryland)

3. Problems of Transition To A Peace Economy

Presiding: Robert Roosa (Brown Brothers Harriman, NY)

Papers: Stanislav Menshikov (Economic Consultant USSR)
"The Defense Budget of the USSR and Potentials
for Resource Reallocation"

John Kenneth Galbraith (Harvard Univ.)

"The Institutional Factors in Moving from a
Military Economy"

Kenneth J. Arrow (Stanford Univ.)

"Analysis of Problems in Resource Reallocation"

Brief Notes

Professor Martin C. Spechler sent us the following notice to include in this section. You may contact him at Indiana University-Purdue University at Indianapolis, Department of Economics, 425 University Boulevard, Indianapolis, Indiana 46202, (812) 336-3656:

The Council on Economic Priorities of New York City has organized a joint US-Soviet Project on Military Spending and Economic Priorities, directed by Eric Stubbs. An international team of specialists, including Steve Meyer, Matthew Evangelista, Gur Ofer, Chris Davis and several others will examine issues connected with the conversion of the Soviet military-industrial complex to peaceful purposes. Advisors of the project include Marshall Goldman, Paul Warneke, Lester Thurow and Robert McNamara. Among the some 25 Soviet participants are Sergei Blagovolin, Vladimir Faltsmen, Dr. Kazakevich, Victor Loginov and Alexei Isyumov. Three teams of experts from West and East will examine the burden of military spending in the USA and USSR and the implications for mutual security and arms reduction. After about a year of research, the project will culminate in major conferences in Moscow in November and Washington next Spring. A new aspect of the project is a meeting between Soviet and US defense industry managers to be held at Wellesley this September.

ESSAY CONTEST:

ECAAR's planned Essay Contest, "The Peace Dividend: How To Get It; How To Use It" is delayed during our effort to obtain funds for the prize awards. The idea is well received with excellent media coverage promised if we get funding.

Congressional testimony:

We were contacted to suggest ECAAR members who could testify before a subcommittee of the Joint House-Senate Economic Committee which held brief hearings in March with respect to federal assistance in area where there will be significant reduction in defense contracts. Richard Kaufman, counsel to the Committee was advised that Professors Lawrence Klein, Lloyd Dumas and Walter Isard would be available if there is a resumption of hearings. The sub-committee is waiting for some response from the Executive before resuming hearings.

Washington D.C.-Maryland members

We have received a letter from Tony Langbehn, convenor of Maryland United for Peace and Justice, a statewide coalition of organizations and individuals which has recently chosen the issues of redirecting federal funds from military to non-military expenditures and economic conversion as their highest priorities. They have requested we direct them to some of you and you to them. They need assistance in the areas of public education and legislative proposals. Please write to: Tony Langbehn, 14957 Nashua Lane, Bowie, MD 20716. ECAAR has 73 members in the Washington, Maryland, Virginia area. We do not as a general policy make a mailing list available but believe our members should be available for such projects.

Members' activities:

We would like members to advise us of any activities in which they are engaged which relate to ECAAR's objectives. We know about programs with which we are involved but recognize there are many more that should appear in our newsletter. We keep up with the travels of our Board and can report that Dietrich Fischer is attending a series of meetings in Western Europe and Walter Isard who has been in the Netherlands will be in Indonesia and Japan. This year our co-chair Lawrence Klein had a busy schedule in ECAAR related activities. Focusing on the Peace Dividend, his lectures included:

- Feb: Florida Gold Coast Alumni, U-PA.
- March: Italian Christian Democratic Party Congress, Montecatini, Italy.
- April: Business Executives for National Security, PA. Univ. of Illinois, Champaign-Urbana.
- May: Rutgers University, Mutual Disarmament, NATO and WTO Countries, World Economy Impacts. Rotary Club, Washington, D.C.
- June: Conference on Macro Model Building, Sochi, USSR

Professor Klein has a paper with Miroslav Gronicki in the Spring edition of Conflict Management and Peace Science, "Trade Off Between Defense Spending and Civilian Production in WTO Countries". Walter Isard has an article in the same edition, "Progress in Global Modeling for World Policy on Arms Control and Environment Management".