

# ECAAR NewsNetwork

The Newsletter of Economists Allied for Arms Reduction

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## The Road To A Backwater Economy

by Mary Ann McGivern

*Reprinted from the St. Louis Post Dispatch  
Commentary page, January 19, 1995*

The Republican Contract With America calls for increased military spending: Star Wars (\$100 billion), a new F-22 fighter-bomber (\$70 billion) and the capacity to wage two major wars simultaneously without allies. Why would we ever want to do that?

The United States has never waged more than one war at a time. The thought that we would be willing to fight alone is chilling. Indeed, the Pentagon's ongoing development of advanced weaponry is a challenge to our allies in Europe and the Pacific Rim to arm themselves in preparation for 21st-century trade wars. Such a realignment of powers will be an inevitable result of our continuance of the arms race now that the Cold War is over.

Our enemies have grown few, and they are poor. In fiscal 1991, the Pentagon spent \$287 billion, Syria spent \$3 billion, the Soviet Union \$133 billion, North Korea \$5.4 billion, Iraq \$8.6 billion, Iran \$5.4 billion, and Cuba \$1.1 billion. Today, North Korea, Iraq and Cuba are destitute and impoverished. Russia is losing its industrial base.

The only technical capacity that poses a real risk to U.S. soldiers is our own. U.S. weapons firms are selling more arms around the world than everyone else combined. Our premier fighter planes and missiles are being exported to nations on every continent. It is a dangerous world out there, but much of the danger is of our own making. Limiting foreign arms transfers would be cost-effective; building the F-22 is not.

The U.S. military budget, adjusted for inflation, is about at the Cold War level of 1975. Taxpayers continue to pay interest on the debt incurred by the enormous military build-up of the 1980s. The Pentagon spent a trillion dollars during the Reagan years. They were lucrative years for weapons

manufacturers, and politicians hanker for the fleshpots of cost-plus contracting and procurement contracts in every congressional district.

We still have to pay for those Trident subs, M-1 tanks, stealth bombers and fighter planes, not to mention ongoing development of our nuclear capacity. But one good thing is, we don't need any new ones. Clearly we have more than we can keep track of: to wit, the loss or misplacing of more than 40 Stinger missiles and some plutonium.

Despite a fiscal 1994 military budget of \$264 billion, there are numerous charges that our armed forces are not ready. The Democratic solution is to give the military more money, \$25 billion over the next five years. The Republican solution is to give the military much more money, \$90 billion over five years. That the Pentagon is not able to keep its forces battlefield-ready for \$264 billion is a scandal of mismanagement. Why aren't there congressional hearings and talk-radio exposés? Why is it the right solution to throw more money at the Pentagon but wrong to subsidize Amtrak or implement a single-payer health-care program?

Whether historians rule that the United States won or lost the Cold War, we certainly incurred some losses. We lost our competitive edge in commercial industry because of the drain of skilled workers, capital and high-tech process and product to armaments production. We lost the dollars we spent then, the interest we're paying now and the principal that still must be repaid. We lost a clean environment. Virtually every base and most production facilities are polluted. Ninety percent of our nuclear contamination is military waste.

*(Continued on page 8)*

**Non-Proliferation  
Treaty Review  
Conference**

**April 17-  
May 12**

**United Nations  
New York**

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## Public Participation Produces Alternative Weapons Lab Report

ECAAR economists working with a national alliance of citizens groups, including several from communities in the shadows of Department of Energy (DOE) weapons laboratories, released a report in February which calls for converting the Lawrence Livermore, Los Alamos and Sandia labs from nuclear weapons research to research on projects that meet human needs. The report, *An Alternative to the Galvin Report On Futures for the DOE Nuclear Weapons Laboratories*, calls for saving billions of dollars by ending nuclear weapons development work, while redirecting the Labs to cleaning up the Cold War's legacy, tackling sustainable development and incubating new commercial activities.

Prepared by ECAAR's Community Education Campaign Director William Weida and ECAAR Board Member Ann Markusen, the study includes the endorsement and input of more than thirty national and grassroots organizations. The commitment to undertake this project was made at the first meeting of ECAAR's Peace Economics and Conversion Resource Network (PERN) held September 1994 at the Colorado College. Greg Bischak, executive director of the National Commission for Economic Conversion and Disarmament, played a major part in the organization, analysis and publication of the report and its findings. The report was issued in response to an evaluation of the Lab's mission by a task force chaired by Motorola Executive Robert Galvin and established by the DOE with almost no grassroots participation.

Unlike its official counterpart, the grassroots alternative study calls for an end to nuclear weapon research, development and testing. "The worst Lab transition," the grassroots report cautions, "would be one in which the Labs retreat under the nuclear umbrella, justifying all their efforts, even conversion activities, as required for national security."

Current technology transfer efforts are criticized as unfair to smaller businesses and inefficient in job creation. Instead, new Lab initiatives are called for in areas such as environmental technologies, non-fossil fuels, recycling and "green" manufacturing, and intensive efforts to launch new commercial activities by helping employees and other outside entrepreneurs start new businesses with Lab expertise.

While the grassroots report calls for downsizing each of the three weapons Labs, it does not recommend consolidating weapons capabilities at any one site because of the environmental and economic hardship such a move would impose on the host community. *Copies are available from the ECAAR office.*

## Scholars' Network Growing

ECAAR's Peace Economics and Conversion Resource Network (PERN) initiated by Board Member Ann Markusen with the help of William Weida, Director of ECAAR's **Community Education Campaign at the US Nuclear Weapons Complex**, has launched several new initiatives, since its formation in September 1995. An alternative report to the Department of Energy's Report on the future mission of the US Labs has been issued and Professor Leticia Rivera Torres was enrolled in ECAAR's Vieques Conversion Project (see story, p 4).

Additionally, Susan Strong, director of the Center for Economic Conversion, and Fred Rose of Tufts University, together with other Network participants, are compiling a booklet of conversion strategy proposals, as a way to consolidate and distribute the policy suggestions generated at the Network's first meeting.

The Network is also working on raising the status of peace economics as a discipline for study. Currently, the American Economic Association does not list conversion or peace economics as a field of specialization. The ECAAR Board of Directors agreed to ask the American Economic Association to include a separate specialization code for the discipline. The Board is also working to increase the prestige of peace economics to make it more attractive to students of economics through efforts to have increased publication of papers in this field in better known scholarly journals such as the *Journal of Economic Literature* and the *American Economic Review*. If you would like a copy of the Network's organizing report, *Research, Teaching and Policy on the Military Industrial Economy: The State of the Art* by Board member Ann Markusen, or would like to join the PERN e-mail conference, contact the ECAAR office at 212-768-2080.

"Remissioning the Labs requires a major policy decision to end weapons research, development & testing programs in a finite amount of time."

— from "An Alternative to the Galvin Report"

### ECAAR NETWORK NEEDS CURRICULA

Material for peace economics and related courses is being compiled by the Peace Economics and Conversion Network as a teaching resource. ECAAR requests that any course outlines, syllabi or reading lists from courses in peace economics, conversion, and related fields be forwarded to:

Dr. Ronald Freisen, Bluffton College  
280 W. College Ave.

Bluffton, OH 45817-1196

419-358-3238 (tel); 419-358-3232 (fax)

## Disarmament and Development

*From a speech to the NGO Peace Caucus at UN Preparatory Meetings for the World Summit for Social Development and the Non-Proliferation Treaty Review Conference by ECAAR Executive Director, Alice Slater*

From the time we first saw pictures of planet earth in 1969 and knew that the earth really was round — a luminous blue orb floating in the darkness of space — human consciousness has inalterably changed. Growing awareness of our interdependence, the evolution of the concept of a global village, the rapid graphic telecommunications of the scourges of famine, war, and the plague of AIDS, have demonstrated how inextricably each one of us is linked to all of humanity.

With the end of the cold war, many of us began to envision the possibility of using the precious resources that had been wasted on militarism to eliminate the misery of poverty for all the inhabitants of our "global village". The convening of the World Summit for Social Development was a call to help make that possibility a reality. We could eliminate the silent holocaust of hunger — not the dramatic famines we witness on TV which the world has learned to respond to — but the miserable malnutrition for 800 million of us who go to bed hungry every day, which accounts for the deaths of nearly 14 million of our human family each year, two-thirds of them children.

To the dismay of many, despite the initial euphoria at the end of the cold war and a decline in total world military spending from nearly one trillion dollars to about \$767 billion in 1994, we have failed to capture those resources and shift them to meet human needs for ending the worst excesses of poverty on our planet. Today, military budgets are still as high as they were in the late 1970s when the US-Soviet detente ended. Rusty cold warriors continue to do business as usual, and look for new enemies to justify their existence — spending huge sums on the continued proliferation of weapons — conventional and nuclear. President Clinton announced a \$25 billion increase in military spending for 1995.

The deadly arms traffic with poor countries amounted to over \$20 billion with the US accounting for 72.6% of the total. At an ECAAR conference in Japan this fall, we learned from Dr. Shigeto Tsuru, that Japan is now a prolific exporter of guns. Its rifles and shotguns accounted for 10% of all new firearms sold in the US in 1993 — which he described as a stinging irony because of the shooting deaths in the US of several young Japanese students. And we learned from a South African

ECAAR member, Terry Crawford Browne, that even Nelson Mandela is having difficulty resisting the ready promise of hard currency from the South African arms trade industry with hearings to be held next month to determine the future of South African arms trades.

We are paying dearly for rampant militarism — the cost of war itself; the creation of a war economy dependent on military spending and resistant to conversion to a civilian economy; and the enormous diversion of resources to prepare for war.

### **Escalating Nuclear Costs**

Twenty-five years ago the non-nuclear nations who signed the Non-Proliferation Treaty (NPT) agreed to forego the acquisition of nuclear weapons, in return for a promise from the nuclear powers to move towards nuclear disarmament. The parties to the treaty also agreed to move towards general and complete disarmament. Yet even after the recent START I and START II treaties are enacted, we will have more nuclear weapons on the planet than at the time the treaty was signed. At the NPT Review and Extension Conference, the nuclear powers were asking the world for a blank check — to extend the treaty indefinitely and unconditionally — even though the deadly nuclear arms race continued to escalate after disarmament obligations were agreed to in 1970. Many non-governmental organizations are supporting limited extensions with periodic reviews to hold the nuclear powers to account and exercise some leverage in favor of concrete steps towards nuclear disarmament.

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## Global Register Available

ECAAR's **Global Register of Experts on Economic Aspects of Military Affairs**, funded by the Ford Foundation and directed by Board member Jürgen Brauer, is now available on computer disks through the ECAAR office. For your copy of the Register (IBM compatible), please send \$10 to ECAAR, Global Register Disks, 25 W. 45th St., Room 1401, New York, NY 10036.

United States experts included in the Global Register will be listed "on-line" at the U.S. Department of Commerce, Economic Development Administration, Office of Economic Conversion Information gopher site (gopher to ecix.doc.gov) Arrangements are being made to have the entire Register, including the results of a special outreach effort to identify experts from less developed countries, available on the Internet.

"The Russian Duma has approved a 1995 Defense budget of 46.5 trillion rubles which translates to US \$12 billion.

The Russian Minister of Defense is upset because he requested 110 trillion rubles or \$29 billion. Now, let's see here, our defense budget is about \$260 billion to defend against a threat who is spending \$12 billion. It would appear that the Russians are getting a much bigger bang for their buck than we are — in fact, they are "threatening" us with a defense budget that is 5% of ours. Maybe we should demand a recount — or just offer to trade forces."

William Weida, commenting on an article in the March 20, 1995 edition of *Defense News*

## Central American Demilitarization Project Planned

ECAAR Trustee Oscar Arias' Center for Peace and Reconciliation is developing a joint project with ECAAR to study the negative impact of military spending on economic development in Central America.

While the world spends the equivalent of the combined income of 49% of its people on military expenditures, one billion people in the world have no access to basic health care; one out of four adults is illiterate; and one-fifth of the population doesn't get enough to eat. In 1992, the developing world spent \$125 billion on its militaries, an amount roughly equal to its education expenditure and 2.4 times its health expenditure. Human development depends on demilitarization.

The first phase of the **Demilitarization Project** will focus on Guatemala. The richest tenth of the Guatemalan population controls over half of the national income and 71% of Guatemalans are estimated to live in extreme poverty. Guatemala's social indicators such as infant mortality, health care, and education are among the worst in the Western hemisphere.

This year, the Guatemalan government, in negotiations with the guerilla opposition to end thirty-four years of war, is expected to sign an historic peace accord. Peace negotiators are addressing military expenditures as part of the UN-observed talks. ECAAR and the Arias Foundation will provide the peace negotiators with a clear picture of the economic damage done by the military's waste of resources more appropriately spent on meeting human needs. By comparing development in Costa Rica — which abolished its army forty-six years ago — to war-torn Guatemala, the project will illustrate the relationship between demilitarization and development and the applicability of the Costa Rican model of demilitarization. Publicizing military information such as arms transfers, expenditures, and military activities in the private sector, the study will also inform public opinion on demilitarization.

Lack of transparency of military activities and the pretense of "national security" concerns make the gathering of accurate data a daunting task. To uncover "hidden" data, the project will use investigative reporters as primary information gatherers. ECAAR economists will analyze this data for presentation to policy makers and in an accessible format for wide public distribution, which is intended to have a positive impact on the outcome of the peace negotiations.

The study will lay the foundation for a broader effort to encourage demilitarization in Central America, and then to serve as a model for other regions in the world. ECAAR expects the Guatemalan study to be a first step in a global effort to use economic analysis to

influence a decrease in military spending and the transfer of resources to meet human needs.

## Vieques Conversion Project Launched

Professor Leticia Rivera-Torres, a member of the newly-initiated Peace Economics and Conversion Resource Network (PERN), organized a ten-day field study of Vieques, Puerto Rico for seven public policy graduate students at the Edmund S. Muskie Institute of Public Affairs at the University of Southern Maine. Dr. Rivera-Torres, learned of ECAAR's Vieques Conversion Project, developed by Trustee Robert Schwartz, through her participation in PERN. She planned the trip to give her students a wide exposure to the community development and base closure issues of Vieques.

Vieques, a 33,000-acre Puerto Rican island off the coast of Fajardo, has been the site of a 26,000-acre US Naval Base since 1941. ECAAR's project is designed to help the people of Vieques, who want the base to be closed, to generate an economic development plan for the island. Dr. Rivera Torres' students outlined development questions unique to Vieques and are working on projects ranging from creating a model for community participation in planning decisions, analyzing the issues of land ownership and housing, preserving the archeological and historical sites on the island, and assessing the impact on natural resources of base reuse.

The students met with the Committee for the Rescue and Development of Vieques, a community group mobilized around efforts to close the Naval base; the commanding officer of the Vieques installation; planners, preservationists, and historians; and public officials. They also took time off to marvel at the wonders of the island, visiting an archeological site of thousand-year-old bones and swimming in Mosquito Bay, a stunningly beautiful bioluminescent bay which is controlled by the military.

ECAAR plans to expand the project to include students at Columbia University's Graduate School of Architecture, Planning and Preservation under the supervision of Professors Elliott Sclar and Lionel McIntyre who have been working with Professor Rivera Torres and Robert Schwartz on this project.

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## Peace Panels at AEA Meetings

In seven panels sponsored by ECAAR and Peace Science Society International at this year's American Economic Association meeting, scholars and experts tackled economic conversion, the future of the Russian economy, the economics of U.N. programs, and other peace economics issues.

ECAAR Trustee Robert J. Schwartz organized and chaired a joint panel with the AEA, *Economic Aspects of UN Programs for Peace*, with Admiral Eugene Carroll, of the Center for Defense Information, and Board members Walter Isard and Dorrie Weiss, ECAAR's UN NGO representative. Admiral Carroll noting the enormous costs of the cold war stated that "[a]s just one horrible example of the enduring legacy of the Cold War, it is estimated that today as many as 100 million land mines may be buried in the soil of nations caught up in the cycle of violence spawned by the Cold War and now expressed in brutal regional conflicts. These lethal, indiscriminate killers of soldiers and civilians alike are still producing 15,000 casualties per year." He stated that the Department of Defense, as of 1993, listed 10,439 suspected hazardous waste sites on active military installations in the US with contaminated sites in all 50 states. Admiral Carroll urged the US to set an example, by ceding some measure of national sovereignty to the UN and working for measured UN reforms so that the UN could "earn the confidence of the world community and gradually assume new roles as a peacekeeper." He sees this as the "only feasible, credible way to gradually dismantle the War System in the 21st Century."

Walter Isard questioned how we could encourage nations to cede sovereignty to the UN and recommended that the Netherlands set an example by raising a small tax to underwrite the costs of the World Court located in the Hague. Dorrie Weiss remarked that "[t]he United Nations can be effective only as its individual members provide its support."

In a panel on the **The Future of the Russian Economy**, organized by Board member Michael Intriligator with Russian economist, Stanislav Menchikov, Erasmus University and Clark Abt of the Defense Conversion Project, Professor Menchikov laid out some startling statistics, noting that military spending declined in Russia by 70% in 1992-93. Menchikov called for a Keynesian revolution in Russia asserting that Russian policy makers need to learn that there are additional options to

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## ECAAR's Energy Agendas For Non-Proliferation Receives Grant

ECAAR has received a \$15,000 challenge grant from the Columbia Foundation for a new project, **Energy Agendas for Non-Proliferation: A Cost Comparison Of Nuclear Power to Alternate Energy Sources**. Dr. Faye Duchin, director of NYU's Institute for Economic Analysis founded by ECAAR Trustee Wassily Leontief will direct the project. ECAAR is undertaking this study in light of the fact that every civilian nuclear power reactor is a potential bomb factory, as witnessed by recent events in North Korea, Iran, and Iraq. There is no definitive global economic assessment which compares the real costs of nuclear power to alternate energy sources, factoring in waste management and storage costs for the lethal by-products of nuclear power as well as government subsidies, tax breaks, and health and safety costs. Dr. Duchin, in her research, will reconcile the assumptions of numerous conflicting studies to produce an unbiased "bottom line" with proposals for energy agendas for various regions of the world.

## Arms Trade Restrictions

In 1993 the United States exported arms worth a total of \$33.2 billion, almost half of which (\$14.8 billion) accounted for 73% of all arms sales to developing countries. On February 1, Senator Mark Hatfield (R-OR) and Representative Cynthia McKinney (D-GA) introduced an arms trade bill which, if enacted, would strengthen the restrictions placed on US conventional arms sales, grants and loans. The Code of Conduct on Arms Transfers Act of 1995 (H.R.772/S.326) would prohibit arms exports to any government that does not meet the following criteria: 1) have a democratic form of government; 2) have respect for the basic human rights of its citizens; 3) practice non-aggression toward other states; 4) fully participate in the U.N. Register of Conventional Arms. Under the act, U.S. government and government contractors could continue to export arms only to countries which meet these criteria.

ECAAR recently joined over 240 organizations to support efforts to curb the arms race. For more information, contact Scott Nathanson at Peace Action Education Fund, (202) 862-9740, ext. 3041.

According to a national post-election opinion survey conducted by Republican pollster Vince Breglio, 73% of Americans favor cutting funding support for nuclear power, coal & oil development programs as the first step in reducing the Department of Energy budget. Seventy-four percent of respondents agree that the government should provide tax incentives and federal support to expand the development & use of renewable energy technologies.

for a 5-page summary of poll results send e-mail to CMEP @essential.org

## Welfare Reform? Help for Working Parents

by Barbara Bergmann and Heidi Hartmann

The following was excerpted from a proposal written as a response to the welfare debate by the Economists' Policy Group for Women's Issues, co-chaired by Dr. Barbara Bergmann & Dr. Heidi Hartman.

We do need welfare reform, but the kind advocated in the Republican Contract With America will push American children deeper into poverty. We should enact welfare reform that encourages job-holding and sustains working parents and their children in decency; it would be based on the concept of Help for Working Parents (HWP). The two keys to such a reform are help with health insurance and help with child care. Those now on AFDC get their health insurance and child care needs provided for. It is brutally difficult for families with access only to low-wage jobs to survive off welfare unless these two are provided. If they are provided, then a year-round, full-time job at the minimum wage would keep a mother and two children in decency, if supplemented by the Earned Income Tax Credit and food stamp programs we already have, and an expanded housing assistance program, especially for families in high-rent areas.

Data suggest that many women currently receiving welfare want to work. With the assistance our program would provide, they would be able to get a fair share of the jobs that do exist (even if the unemployment rate increases as more women enter the labor market). Most already have a high school diploma and several years of work experience, but inadequate child care, as well as inadequate health care benefits on the jobs they can get, has slowed their progress. Under the HWP program, low-income two-parent families would get the same help as single-parent families, and families would not have to go on welfare to qualify. There

would be a fall-back package for parents out of jobs, consisting mostly of vouchers for necessities. Research suggests that a considerable proportion of single parents would leave AFDC in response to the new possibility of living in decency off welfare, but some, whose employability problems are too severe, would continue to need long-term income support.

If 60% of welfare clients became employed, this program would cost \$86 billion a year in new spending, which we would propose to finance by shifting funds from now-superfluous defense activities, the CIA, and agricultural payments to wealthy farmers. Alternatively, taxes on the better-off could be raised to provide the needed revenue.

Some of the recommendations of this proposal are:

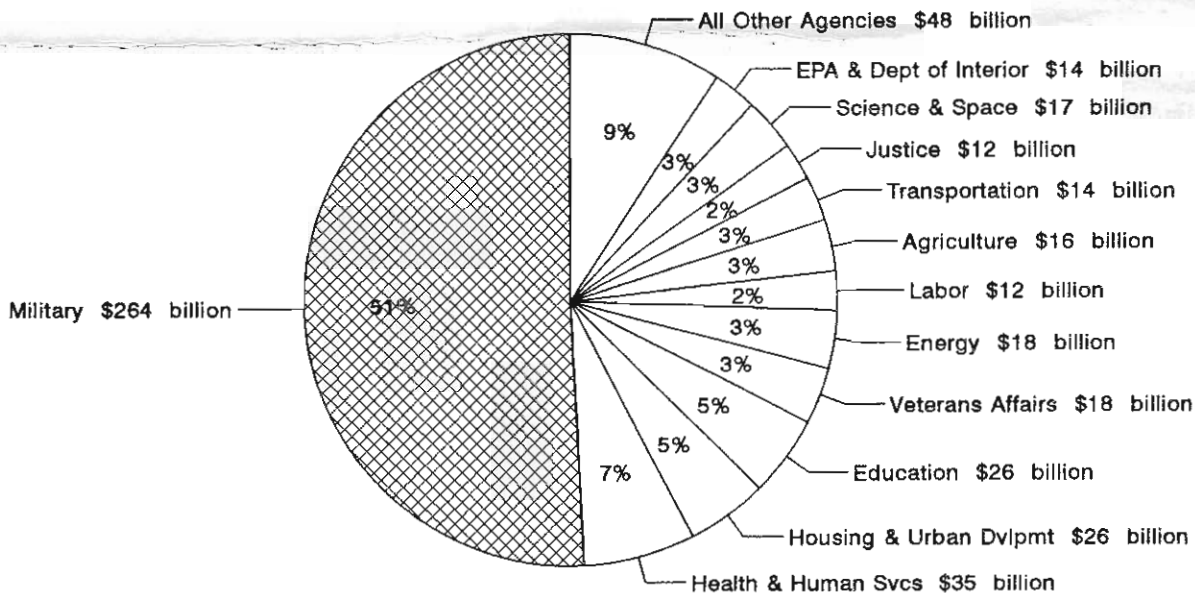
1. **Guarantee health insurance to all families with children** (Additional Cost: \$29 billion; would cover all currently uninsured families with children.)
2. **Provide child care for pre-school children and after-school care for older children**, at no cost to families in the bottom twenty percent, at sliding scale fees to middle-class families. (Additional Cost: \$54 billion).

Other recommendations include expanding housing assistance especially in high-rent areas and converting benefits for unemployed single parents from a mostly-cash to a mostly-voucher benefit. The total cost of this program is \$86 billion which includes anticipated savings from AFDC and other existing programs.

ECAAR Board member, Dr. Barbara Bergmann, is a professor at American University and Dr. Heidi Hartmann is director of the Institute for Women's Policy Research and a 1994 MacArthur Fellow.

### Welfare Not Warfare

Discretionary Spending Fiscal Year 1995



Military spending is still larger than all other discretionary spending combined. If those in Washington are truly serious about budget cuts while providing for the human needs of the country, they should begin by cutting military welfare.

Graph: The Campaign for New Priorities. Source: OMB, "Budget of the United States Government, FY95"

## New Titles by ECAAR Members

***Economics of International Security: Essays in Honor of Jan Tinbergen*** Based on an international conference organized by ECAAR's Dutch/Flemish affiliate at the Hague Peace Palace, this ambitious book edited by Manas Chatterji, Henk Jager and Annemarie Rima, presents a collection of papers in which the problems of international and regional security are interwoven with the declining world-wide economic condition, restructuring of economic alliances, environmental problems and declining manufacturing activities. The book contains original papers by ECAAR Board Members and other scholars including Kenneth Arrow, Jurgen Brauer, Jacques Fontanel, John Kenneth Galbraith, Akira Hattori, Walter Isard, Lawrence Klein, John Tepper Marlin, Alex Mintz, Robert Schwartz and Jan Tinbergen (St. Martin's Press, 1994. \$50)

***Arms Spending, Development and Security***, a collection of essays edited by ECAAR Board members Manas Chatterji, Jacques Fontanel and Akira Hattori addresses the topics of disarmament and restructuring of the world economy; arms production, employment and conversion; and security and development. Essays in the book are written by some of the world's leading experts in peace economics including many of ECAAR's distinguished scholars. The conference proceedings of ECAAR-Japan's 1993 Symposium in Tokyo are included, as well as papers from the Grenoble Conference organized by ECAAR-France in 1993. (Ashish Publishing, 1995. \$60)

***Les depenses militaires et le desarmement***, a new book by the Chair of ECAAR-France, Jacques Fontanel, is now available from Editions Publisud, 15 rue des Cinq-Diamants, 75013 Paris.

***And Weapons for All***, William D. Hartung's critique of U.S. arms sales policy, (Harper Collins), will be released in an updated paperback edition in May 1995. ECAAR members can get the book at a discounted rate of \$10.00 per copy by ordering it directly from the World Policy Institute at the New School for Social Research, 65 Fifth Avenue, Suite 413, New York, NY 10003.

We mourn the death  
of ECAAR Board Member

Leonard Silk

## AEA (Continued from page 5)

monetarism alone. Intriligator described the institutional changes Russia would need for a successful economic transformation, such as double entry bookkeeping (invented by the Venetians) and legal, banking, and insurance systems, as well as advertising, none of which are yet developed in Russia. Abt confirmed Menchikov's statistics and cautioned that in the last two years, Russia, China, and the US have reversed course and are expanding their military expenditures.

Hugh Knox, of the U.S. Department of Commerce chaired a panel ***Research, Teaching and Practice of Conversion*** in which Charles Anderton presented a paper on Chinese defense industry conversion which illustrated the difficulties of measuring success in Chinese conversion. A thirteen-year defense conversion effort in China has produced mixed results. The conversion of coastal — mostly electronics — firms has been more successful than that of the primarily industrial firms in the remote interior. Board members Ann Markusen and Jeff Dumas reported on ECAAR's Peace Economics and Conversion Resource Network inaugural meeting and the specific recommendations the group proposed, i.e., creating a national policy agenda on national and local conversion initiatives, compiling reading lists on defense economics and related courses, setting standards for regional economic impact studies, and assessing the quality and accessibility of important data on the military-industrial economy. (See story, p. 2)

At a panel chaired by ECAAR Board Member Barbara Bergmann, Nancy Happe and John Wakeman-Linn of the International Monetary Fund, Richard Grimmet, Congressional Research Service, and Daniel Gallick from the Arms Control and Disarmament Agency examined the reliability of primary data sources for military expenditures.

Jim Werner of the Department of Energy's Office of Environmental Management presented devastating slides of the environmental disasters that are brewing at DOE laboratories at a panel, ***Priorities for Managing Nuclear Waste at the U.S. Weapons Complex***, chaired by ECAAR member Geoffrey

(Continued on page 9)

ECAAR would  
like to  
welcome to its  
Board of  
Directors

Douglass C.  
North

of Washington  
University

1993 Nobel  
Laureate in  
economics

**Disarmament (Continued from page 3)**

mament.

By 1987, the US was spending almost \$90 billion on its nuclear weapons program, with an equivalent amount in the Soviet Union. Great Britain spent \$35 billion; and France about \$25 billion. Dr. William Weida, director of ECAAR's **Community Education Campaign: Employment Alternatives at the US Nuclear Weapons Complex**, estimates that the cost of managing and safeguarding the toxic legacy of the nuclear age in the US alone, which has been waging nuclear war on its own citizens with secret radiation experiments and perilous exposure to lethal nuclear waste which is devastating the land — will be at least \$800 billion.

**Creative solutions offered by ECAAR Members**

Three of ECAAR's Trustees have made special suggestions listed in the UNDP's Human Development Report of 1994 to meet the goals of the Social Summit. Jan Tinbergen, the first Nobel laureate in economic science whose death we mourned in 1994, suggested that we create a World Treasury and World Central Bank and raise the target for contributions from industrial nations from .7% to 1.3%. James Tobin, has proposed taxing trillions of dollars of currency exchanges by speculators seeking to make quick money on exchange rate fluctuations and on international interest rate differentials which contribute little to rational long-term investment allocations. He calculates that a .5% tax on such transactions could raise over \$1.5 trillion a year. Oscar Arias has proposed a Global Demilitarization Fund to recapture the peace dividend with a commitment to decrease military spending in every country by 3% per year — with rich nations agreeing to earmark at least one-fifth of the savings towards the Fund and poor nations contributing perhaps one-tenth of such savings. Dr. Arias stresses the need to commit some portion of the peace dividend to promote global demilitarization — disarming and demobilizing armed forces; reintegrating military personnel into society; promoting further arms reduction and conversion. Additionally, ECAAR's Co-Chair, Lawrence Klein, is preparing a study on the costs of an all volunteer UN Peacekeeping Force which would contribute to demilitarism and would increase the global peace dividend.

**Additionality not conditionality: The 20/20 initiative**

The 20/20 Initiative, proposed by UNICEF, promotes not discriminatory *conditionality* -- by which the rich nations condition their foreign aid on reductions in military spending by poor countries as they continue to increase their own military budgets -- but *additionality* in which all countries, rich and poor, pledge to reallocate existing resources to meet human needs. Developing countries would increase expenditures for social services from current levels of 13% of government spending to 20%. Donor countries would reallocate aid to 20 percent of total aid from current levels of 10%. Increases would be targeted for key goals for the year 2000, i.e., universal access and completion of primary education; halving the 1990 illiteracy rate with emphasis on reducing the disparity between male and female; reducing infant mortality by one third. While much more needs to be done, this might be a beginning.

What's holding us back? A failure of collective political will. Most of the shifts that will have to occur for a more equitable

distribution of the world's resources will have to be made by nations that are already democracies. Why aren't the people of the world responding? Their leadership is still operating out of the old paradigm that national security equals military security. People are so poorly informed. At the 1987 Disarmament and Development Conference, attended by 150 nations, the US refused to participate stating that it did not see the connection between disarmament and development. Our task now is to make those connections, to educate the citizens of these democracies on the need to redefine national security, and to demonstrate that so-called "military security" is buying the world a lot more insecurity. We need human security — political, economic, social, humanitarian, and environmental — in every home within our global village in order for any one individual or nation to be truly secure. As Dr. Arias said, recently at an ECAAR conference in Japan, "Human security is a common concern. It is a need that can only be understood and satisfied in global terms. It cannot be guaranteed in one region of the world, if it is ignored in others."

The task to create the political will is difficult but possible. The World Summit for Social Development should be an inspiration for all global citizens to start telling the boys to put away the toys of war and to begin, all of us, to provide a planetary home with a safe, nourishing, clean, environment for the whole human family.

**Backwater Economy (Continued from page 1)**

We lost fledgling democracies around the world because we preferred strong men who would stand against communism.

We lost the lives of men and women who tested weapons and who fought the small proxy wars against so-called communists.

We don't need one more Seawolf submarine (\$2.4 billion) or aircraft carrier (\$3.4 billion). Canceling the stealth bomber would save us \$5 billion, and we can save another billion by canceling the purchase of 110 helicopters. We can choose to make do with the fighter plane technology we have, rejecting the F-22 and V-22 proposals (and save about \$100 billion in new costs).

If McDonnell Douglas builds 15 C-17 transport jets for a total of \$5 billion, we're likely to engage in more frequent military interventions, substituting threats for diplomacy and economic development. Worse, we may be tempted to sell our services, expanding on the line of action we developed in Iraq, where many of our allies merely gave us money, sharing the costs but not the blood risks of war.

In the 1980s, David Stockman stated that White House policy was to spend the United States into debt so deeply that our social programs could never be reconstructed. Oddly, this goal is congruous with Karl Marx's observation that capitalist nations must wage war as a method of draining excess profits from the market economy. But our profits have been drained already.

Now is the time to instruct Congress that we don't want tax cuts. We want deficit reduction and sound investment in education, infrastructure, health care and a productive commercial industrial base. Otherwise we will condemn our children to a backwater service economy. The only high-tech service we'll be able to offer is waging war. *ECAAR member Mary Ann McGivern heads the St. Louis Economic Conversion Project.*



## Renewed Support for ECAAR

ECAAR is grateful for the generosity of the W. Alton Jones Foundation the Unitarian Universalist Veatch Program at Shelter Rock, and the Deer Creek Foundation which renewed their support in 1995 for our **Community Education Campaign: Local Employment Alternatives at the US Nuclear Weapons Complex.** We thank the Town Creek Foundation who is a new supporter of the campaign.

We also acknowledge the continued support of the John D. and Catherine T. MacArthur Foundation, which has been contributing generous support for our operating budget, publications, and expansion of our program each year since 1990.

### "An Evening with Robert McNamara"

Excerpts from ECAAR Board Member Robert McNamara's May 1994 talk to ECAAR supporters will be shown in New York on channel 34 on Sunday April 23 at 8:00 pm. Transcripts of this enlightening talk, in which former Defense Secretary McNamara calls for new thinking for nuclear disarmament, are available from the ECAAR office. Please send \$5 to ECAAR, 25 W. 45th, Rm. 1401, New York, NY 10036.

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### AEA panels (Continued from page

Rothwell. DOE, Werner said, is doing more than "clean-up," focusing on reducing critical risks — such as emergency measures around the clock to prevent the explosion of a high-level radioactive nuclear waste tank at the Hanford site. Under Clinton's plan, DOE's waste management budget will be reduced by \$4.4 billion over the next five years while its weapons program will be increased by \$2 billion, further handicapping efforts to deal with the toxic legacy of the nuclear age. Richard Miller of the Oil, Chemical and Atomic Workers Union outlined union perspectives on risk management and safety precautions at the U.S. nuclear sites. A new employee leasing program between DOE sub-contractors and the union permits union employees to work temporarily with various sub-contractors while maintaining the same health and safety standards longer-term employees enjoy. Both the DOE and sub-contractors will save money on training and hiring, while workers will be able to maintain union representation and seniority as well as health benefits, including centralized tracking of their exposure to radiation. Daryl Kimball, at Physicians for Social Responsibility spoke on building a consensus on public health. Research strategies for economists were suggested including looking at the true costs of

clean-up and evaluating the costs of health risks.

A joint panel with the AEA and the Peace Science Society International, *Conflict in the International System*, organized by Board member Walter Isard, featured Paul Krugman speaking on perceptions of economic conflicts between nations. Citing recent titles of popular works on economics, Krugman illustrated that trade is being portrayed not as mutually beneficial to trading partners, but as competition often described in war-like terms. Solomon Polachek spoke on *Trade and Conflict: Contrasts Between Democracies and Non-Democracies*.

ECAAR Board Member Manas Chatterji chaired a panel at which Binyam Solomon of the Canadian National Defense Department presented a socio-economic assessment of Canadian military installations using an integer programming model. Bases are clustered by "low", "moderate" and "severe" socio-economic impact on host communities, giving policy makers a better picture of the relative importance of a base to its host community. ECAAR member David Gold, at the UN's Department of Economic and Social Information and Policy Analysis, reported that his research indicates that increases in military spending in an expanding economy will crowd out investment but that in a contracting economy, consumption, not investment, will decline. *Copies of some of the papers above are available in the ECAAR office.*

# Affiliate News

## ECAAR-CANADA

*Correction of ECAAR NewsNetwork Fall, 1994 article  
by T.K. Rymes, Co-Chair, ECAAR-Canada:*

In my account in the NewsNetwork of the Calgary meetings of the Canadian chapter of ECAAR, I failed to outline Professor Shaffer's paper, "Peace, War and the Market." Arguing that war, unlike the market, was essentially endogenous and a zero or negative sum, he specified certain instances of imperfectly competitive behavior which increased the likelihood of war. Capital incomes have been redistributed by conflict, shortages of crucial natural agents and poverty threaten civility, and rent seeking can be associated with war. Professor Shaffer asks economists "... to redirect their research to investigating those aspects of market behavior which promote conflict and to suggest ways of changing them."

## ECAAR-Netherlands

**Finance for Peace: The Future of the United Nations** will be the theme of an international conference sponsored by the Dutch/Flemish Chapter of ECAAR September 29-30, 1995. The conference panels include sessions on alternative financial arrangements for the UN and discussions of proposals of financial sources and mechanisms. For more information contact Joel van der Beek, Director of ECAAR-Dutch/Flemish Chapter, 31 10 425 7347 (fax). A **general membership meeting** will be held in May in conjunction with the International Physicians for the Prevention of Nuclear War and International Association of Lawyers Against Nuclear Arms. The theme of the meeting will be **The Effects of Economic Boycotts**.

## New Affiliates Planned

### India

Plans are being made for an inaugural conference of ECAAR-India, **Arms Spending, Development & Security**, to be held in January 1996 at Jawarlal Nehru University. For more information contact ECAAR Board member Manas Chatterji at 607-777-2475 (tel); 607-777-4422 (fax).

### South Africa

Terry Crawford Brown, Archbishop Desmond Tutu's representative to South Africa's Constitutional Assembly has enrolled the support of prominent South African economists to establish an ECAAR affiliate in South Africa. To contact Mr Brown, phone 27-21-794-3208 or fax 27-21-794-7551.



*Participants at the ECAAR-Canada sessions in Calgary include (from left to right) T.K. Rymes, Guy Orcutt, Walter Isard, Lawrence Klein, Ed Shaffer, Louis Parai, and John Treddenick*

## ECAAR-Japan

ECAAR-Japan will sponsor a session at the World Congress of the Econometric Society at Keio University in Tokyo, August 22-29, 1995. The session will focus on "The Economics of Disarmament and International Security." ECAAR Co-chair Lawrence Klein will present a paper on the Economic Aspects of a UN Standing Army using simulations of the LINK world model to show global fiscal burdens, inflationary pressures, and effects on output. ECAAR-sponsored strategy meetings to propose research topics for Japan will also be held during the World Congress. Board member Walter Isard will also participate. **The annual meeting of ECAAR-Japan, June 10** will feature Professor Koichi Hamada of Yale University as the main speaker. ECAAR-Japan will hold a **Symposium** at the U.N. University, Tokyo on September 25, 1995 details of which will be announced soon. For more information about any of these events, and to participate in the strategy and research meetings, please contact ECAAR Board member Akira Hattori, 819-2871-6631 (tel); 819-2864-2938 (fax).

## ECAAR-Israel

ECAAR-Israel is sponsoring a conference on **Defense Conversion in the Middle East** to be held in June 1995 in conjunction with the Jaffee Center for Strategic Studies at Tel-Aviv University. For more information contact the chair of ECAAR-Israel, Dr. Alex Mintz, by fax at 409-847-8924 or by e-mail at E339AM@TAMVM1.TAMU.EDU

# Events & Conferences

## **NEW YORK NPT CALENDAR**

*NPT Treaty Conference - April 17th to May 12th*

The landmark Non-Proliferation Treaty Review and Extension Conference April 17-May 12 in New York at the United Nations will impact global nuclear politics for years to come. All ECAAR members who will be in the New York area during the conference are urged to attend the sessions at the United Nations to help us be heard. Your input and participation are crucial. Lobbying, training sessions, seminars, rallies, strategy forums, workshops, and monitoring of the U.N. debate are just a few of the activities available to you. Please call the ECAAR office at 212-768-2080 for more information and to obtain passes to UN sessions.

### **World Court Project Seminar April 19**

The UN World Health Organization and the General Assembly voted to ask the World Court to issue advisory opinions on:

(1) the legality of the use of, and (2) the threat to use nuclear weapons. International lawyers, politicians, and activists will meet at the Episcopal Center, 815 2nd Ave., New York, from 9:00 AM to 4:30 PM on April 19 to consider the implications of the Court's expected opinions. For more information call the Lawyers Committee on Nuclear Policy, 212-674-7790 (tel); 212-674-6199 (fax).

### **International Citizens' Assembly To Stop the Spread of Weapons April 20-21**

Linking nuclear disarmament, the arms trade, and domestic gun violence, this two-day Citizens Assembly with international leaders from government, indigenous, religious, and activist communities will address issues of violence within the context of the NPT negotiations and gun control efforts in the US. Seminars, workshops, and cultural events are planned. For a complete schedule, call 212-750-5795.

### **Strategy Forum on the Abolition of Nuclear Weapons April 25-26**

This event is organized by members of the International coalition for Nuclear Non-Proliferation and Disarmament. Speakers include Prof. Joseph Rotblat, President of Pugwash International. Please contact Ivo Sarges of International Network of Engineers and Scientists Against Proliferation at 212-768-2080.

### **Hosts Needed for NPT Conference**

Many representatives of non-governmental organizations are coming to New York from all over the world between April 17th and May 12th to work together at the Non-Proliferation Treaty Review Conference. If you live in the New York area and are willing to open your home to host one or more national or international visitors, please call ECAAR at (212) 768-2080.

### **Fifty Years Since the Bomb:**

## **Call for ECAAR Papers 1996 ASSA-AEA Meetings**

Members of ECAAR are invited to participate in a Peace Science Society (International) session of contributed papers at the 1996 AEA meetings. If you are interested, please submit an abstract of no more than 250 words by May 15, 1995 to ECAAR, 25 W. 45th Street, Room 1401, New York, NY 10036.

## **COPRED Call for Papers**

The Consortium on Peace Research Education and Development (COPRED) is seeking insights and analyses on the last fifty years of peace education, action and research for their 24th annual conference to be held August 10-13 at Willamette University in Oregon. You are invited to submit a proposal by April 15, 1995 to present a paper on any peace, justice or conflict resolution concern. For details, please contact COPRED c/o The Institute for Conflict Analysis and Resolution, 4103 Chain Bridge Road, Suite 315, Fairfax, VA, 22030, phone (703) 273-4485.

## **Peace Research Conference**

EuPRA, European Peace Research Association is sponsoring **New Political, Military & Economic Security Architecture for Europe**, a conference to be held in Cracow, September 22-24. The workshop on economic security will be convened by Dr. Judit Balazs from Hungary. For more information, please contact Dr. Czeslaw Mesjasz, Academy of Economics, 31-510 Kraków, ul. Rakowicka 27, Poland, fax: 48-12-21-41-67.

## **Regional Science Association Call for Papers**

The 42nd North American Meeting of the Regional Science Association International will be held November 9-12 at the Omni Netherland Plaza in Cincinnati, Ohio. To present a paper on pertinent topics such as location theory, impact analysis, and regional economic development, please submit two copies of a 150-word abstract by May 1, 1995, to: Andrew Krmenc, Department of Geography, Northern Illinois University, De Kalb, IL USA 60115-2854. Fax: 815-753-6872; e-mail: rsa95@geog.niu.edu.

