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

Costs of Violence Containment Issue

"Once peace has been achieved through victory by one side, stalemate, or the effects of intervention of some form, there is the need for reconstruction and repair of the economy and society, in a manner that prevents the country falling back into conflict."

J. Paul Dunne, page 8

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Some ten months after a US presidential campaign dominated by economic issues, it was notable that neither candidate nor pundit shed any serious light on the potential economic benefits of a less violent and more peaceful United States.

This ought to be surprising, given the Institute for Economics and Peace's (IEP) conservative estimate finds the US economy spends 15% of GDP, or more than 1 in every 7 dollars, on containing, creating, and dealing with the consequences of violence each year. To put that figure in perspective, US spending on violence is almost equivalent to the world's seventh largest economy — that of the United Kingdom. This is based on counting both private and public economic activity, in a current year, related to what IEP calls violence containment spending or Violence Containment Industry (VCI).

We know this expenditure is important to count because of the well-established development and peace economics literature that shows direct violence has a serious negative effect on both social and economic development. This holds true for both high and low income countries, and is reinforced by the fact that only a small handful of low-income conflict-affected countries have managed to meet their Millennium Development Goals.

However, while the physical, emotional, and societal benefits that would flow from improvements in peace are often discussed and indeed self-evident, the reality is the potential economic benefits are overlooked in mainstream economic debate.

Part of the problem for mainstream economic debate and analysis is the lack of economic data related to violence that is comprehensively and consistently aggregated. In light of this apparent gap in data, IEP has developed a methodology to aggregate relevant expenditures, to then quantify the cost of violence and subsequent economic gains associated with peace for the US economy. All expenditure related to violence containment, whether spent by the military on the international stage or domestically through the provision of services to fight crime, has been classified together as VCI.

IEP's formal definition of VCI is economic activity that is related to the consequences or prevention of violence where the violence is directed against people or property. This includes all expenditures such as, but not limited to, medical expenses, incarceration, police, the military, insurance and the private security industry. It is divided into local, state, and federal government expenditure as well as private spending by corporations, households, and individuals.

The principal parts of the public violence containment industry are the Department of Defense, Veterans Affairs, Homeland Security, state and federal incarceration, police, and justice. Private sector spending is on the large household market on personal security, locks, alarms, private security guards, health care costs related to violence, repair and restoration from vandalism, insurance premiums to protect persons and property against violence, private legal costs, and of course, the small arms manufacturing industry.

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From the Director

As I listened to the speeches in honor of the 50th anniversary of the March on Washington, I wept. I wept firstly because I always cry when I hear the "I have a dream" speech, or parts of it. It's a moving call to justice and equality. When I think of the injustices that poor people and minorities suffered, and continue to suffer, in "the greatest country in the world," it's nearly unbearable. That one group of humans could be so hubristic to think that it is okay to treat others as unequal breaks my heart.

I cried as I listened to President Clinton and members of the King family speak about the dream of social and economic justice. It's not often these days that I hear these subjects in conversation. In my youth, when I was a rabble rouser and a union organizer, they were common topics. People spoke of an end to hatred and how only love can solve our problems. Every speaker on the podium at the Lincoln Memorial on August 28 mentioned how far we've come and how far there is yet to go, that we cannot give up the struggle, that we must continue to fight for both principles and practical solutions.

The speaker who most moved me was Christine King Farris, Dr. King's older sister. While the majority of the speakers referred mostly to freedom, justice, and equality, especially racial equality, Mrs. Farris spoke about Dr. King's other, less well-remembered legacy of non-violence. I wept as she spoke, wondering how President Obama could sit on that platform today when we might very well be going to war literally tomorrow.

In the years following the March on Washington, Dr. King moved more and more to include an anti-war stance in his message. He said, "A nation that continues year after year to spend more money on military defense than on programs of social uplift is approaching spiritual doom." He exhorted those who love peace to "learn to organize as effectively as those who love war." I think we still have some growing room to do on this score as well.

Before being asked to chair the launch of the Institute for Economics and Peace report, "Violence Containment Spending in the US," I had never thought much about violence containment as an industry. Even in the 80s, as an anti-apartheid activist, I knew that the United States jails its citizens at a higher rate per capita than South Africa. But I was unaware until I started researching for this issue of the EPS Quarterly that the combination of the war on drugs and the privatization of prisons had led to such a dramatic rise in the number of prisoners (see chart, page 4).

This issue was in production well before the anniversary of the March, but I was struck by how well the topics fit together. The IEP report proposes a "virtuous cycle" of violence reduction. If a small amount of spending on violence containment were redirected towards investments in education, healthcare, job programs and infrastructure, the very things that all of the speakers called for, we would see increased productivity and reduced violence. That would mean a reduced need for violence containment, followed by further reduction in spending on violence containment, leading to greater opportunity and freedom for all.

The March on Washington and the legislation that followed it, the Civil Rights and Voting Rights Acts, allowed President Obama to reach the White House. I wept today, as I did in November of 2008 and January of 2009, that our country has come so far. In 1963 it was almost unthinkable that we would have an African-American president within our lifetimes.

And I cried because that president who was elected on a platform of hope and promise is apparently going to "lead" us into another useless war. Dr. King urged us to remember, "Wars are poor chisels for carving out peaceful tomorrows." I can see no benefit to going to war with Syria. It most certainly will not reduce civilian deaths in Syria (one of the ostensible goals), and it will not advance the cause of equality and freedom here at home.

Spending on Violence in the United States – the $6 billion a day industry (continued from page 1)

While expenditures on containing violence are important and a necessary public good, the less a nation spends on violence-related functions enables the allocation of resources to other, more productive areas of economic activity. Expenditure on violence containment is economically efficient when it effectively prevents violence for the least amount of outlay. However, money that is spent on surplus violence containment, or money that is spent on inefficient programs, has the potential to constrain a nation's economic growth. This is simply because much of the expenditure aimed at reducing violence is fundamentally unproductive and, if redirected toward productive pursuits, would improve government balance sheets, company profits and ultimately the productivity and material wellbeing of society.

Research by IEP shows that in 2010, the Violence Containment Industry was worth US$2.16 trillion, or 15% of GDP. This figure is considered conservative due to the difficulties of accounting for all private sector spending. So how big is 15% of US GDP?

- If the $2.16 trillion of violence containment spending were represented as a discrete industry, it would be the largest industry in the United States economy, larger than construction, real estate, professional services and manufacturing (as measured by the North American Industry Classification System, NAICS).
- If violence containment spending was represented as a discrete national economic entity, it would be the seventh largest economy in the world – only slightly smaller than the UK economy.
- Violence containment spending represents just over $15,000 for each taxpayer or $7,000 for every man, woman and child each year.[1] That's $6 billion a day, $246 million an hour.
- When broken down by public and private sector spending, public sector spending on VCI accounts for 10.8% of GDP while private sector spending is 4.2% of GDP.

The figures are represented in terms of net value added.[2] It shows that the Federal Government spends the majority of this amount at $1.3 trillion or approximately 9% of GDP on violence containment. The great majority of this amount is on expenditure related to national defense and homeland security, much of which is not accounted for in the Department of Defense line item that is commonly cited at around $600 billion with a $613.9 billion request for FY2013.

Research by IEP shows that in 2010, the Violence Containment Industry was worth US$2.16 trillion, or 15% of GDP. This figure is considered conservative due to the difficulties of accounting for all private sector spending.

The opportunity cost of diverting federal and state expenditures from violence containment to other, more productive areas of spending is stark when one considers its magnitude. At 37 percent of the 2010 federal budget, it is important to consider alternatives that can build domestic and international security in other potentially more effective ways, such as via International Assistance Programs (less than 1% of the federal budget) or on domestic infrastructure which can potentially aid economic growth and provide jobs. Currently the Department of Housing and Urban Development spends 1% of the federal budget. There is significant economic and political debate on social security spending at 20% of the 2010 federal budget, with Medicare and Medicaid at 21%, but comparatively little debate on VCI at 37% of the total. Similar to the health care debate that focuses on reducing costs and improving outcomes, there ought to be a public debate looking at the efficiency and effectiveness of violence containment spending, especially as it is more than 1 out every 7 dollars Americans are spending.

The infrastructure alternatives highlight the potential of indirect benefits. For instance, using data from the American Society for Civil Engineers, a 5% reduction in federal VCI alone could fund the reconstruction of the federal levees system in one year. While perhaps on face value not the most tantalizing investment, according the US Army Corps (USACE), "Federal levee systems currently provide a six-to-one return on flood damages prevented compared to initial building cost."[3] Then there is the social risk of under-investment in important areas of infrastructure to consider. According to the USACE, as of February 2009, while more than half of all federally inspected levees do not have any deficiencies, 177, or about 9%, are expected to fail in a flood event. These are opportunity costs made more striking in the wake of devastating events such as Hurricane Sandy.

There is also the potential job creation effect of transferring spending from VCI to other areas that simply generate more jobs. Modeling from Pollin & Garrett-Peltier (2009)[4] shows investments in health, education, and even in equivalent tax cuts for personal consumption, generate more jobs than spending on the military. This is not to say military spending doesn't generate jobs and that some military spending isn't essential. It is important, however, to consider the additional number of jobs that could be created with the same amount of money. There are several reasons for the relative ineffectiveness of military spending as a job creator, two of which are (1) a large part of it is spent overseas or on imported goods, and (2) the the capital-intensive nature of some military manufactures. For instance, it is estimated US military personnel spend roughly only 43% of their income on domestic goods and services,

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Spending on Violence in the United States – the $6 billion a day industry (continued from page 3)

compared to the civilian population that spends 78% of their income on domestic products.

As for business, higher violence containment spending can result in higher transaction costs and unaccounted costs. This means higher sunk costs and increased ancillary costs on security systems, security guards, and higher insurance premiums. Additionally, the higher the level of violence in a corporation's area of operations, the more management time is likely devoted to responding to security rather than market development or competitive issues. This represents "lost" management time that could have been transferred into developing capital and expanding profits. This is not counting direct costs that may involve the destruction or damage of key assets, delaying investment in other more profitable areas.

Accounting for violence containment spending enables a novel approach to understanding the international economic competitiveness of a nation, based on calculating the percentage of GDP spent on violence containment. The less a nation spends on violence containment (providing it is also more peaceful), then the more competitive the economy should be, due to its ability to deploy its resources more efficiently. This is only one dimension of national competitiveness, but a uniquely important one.

The approach presented here stems from the emerging conceptual paradigm of peace economics, which aims to make a critical distinction between productive and unproductive forms of production. The theoretical basis of this approach sees the purpose of economic study as premised on the need to understand the design of political, economic, and cultural institutions, their interrelations, and thereby uncover policies to prevent, mitigate, or resolve any type of latent or actual destructive conflict within and between societies.[5] Accounting for the size, scope, and efficiency of VCI is in many ways a first step in this longer-term research project.

The sheer size of spending on the VCI illustrates the importance of better accounting and finding more efficient ways to deal with the consequences of violence, and ultimately to support long-term investments towards a virtuous cycle of preventing violence. Given the potential burden of non-productive violence containment to the US economy, reducing violence ought to be seen as a central long-term structural and economic reform.

Endnotes

1. Based on IRS figures for number of individuals to lodge a tax return in 2009.

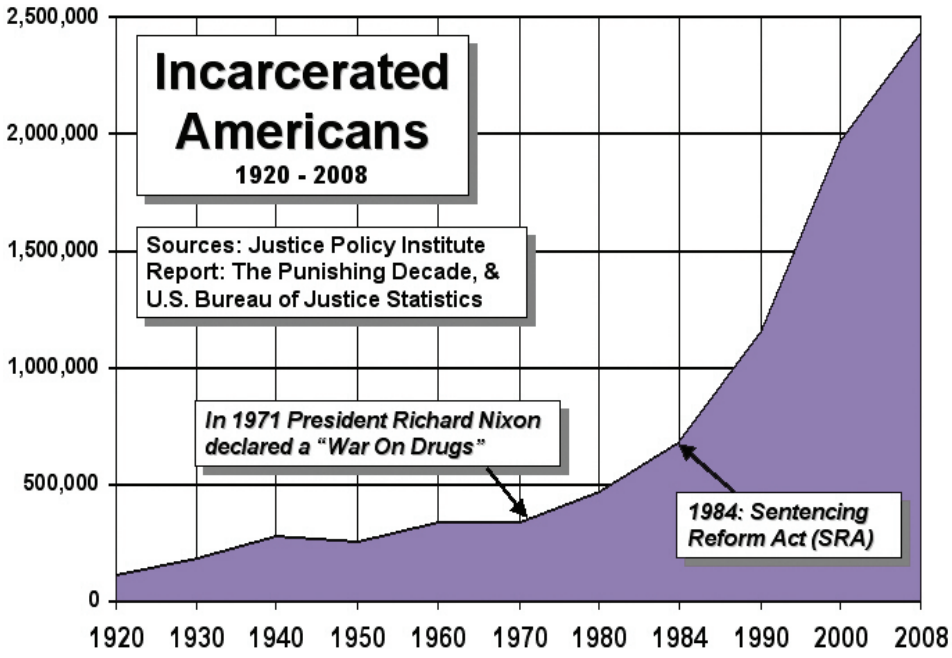
2. Net Value Added is the sum of gross wages, pre-tax profits net of depreciation, and indirect taxes less subsidies.

3. US Army Corps of Engineers, Summary Information from US Levee Inventory. From American Society for Civil Engineers. URL: accessed November 12, 2012. http://www.infrastructurereportcard.org/fact-sheet/levees.

4. Pollin & Garrett-Peltier (2009) The US Employment Effects of Military and Domestic Spending Priorities: An Updated Analysis, Political Economy Research Institute (PERI) University of Massachusetts.

5. Hartung, W. (2012) Military Spending: A Poor Job Creator, Center for International Policy, Policy Brief, Fact Sheet.

Daniel Hyslop commissions, directs and manages research for IEP as well as authors and oversees production of IEP publications. He coordinates research for the Institute, overseeing IEP's research team and directing its external research partnerships.



How Speculating on Prisons Leads to Mass Incarceration

Christopher Petrella

This article was originally published on October 12, 2012 on truthout.com at http://truth-out.org/news/item/11965-is-corrections-corporation-of-america-about-to-embark-on-another-round-of-prison-speculation. Reprinted with permission. Copyright, Truthout.org.

Last spring, the nation's largest private prison owner and operator, Corrections Corporation of America (CCA), announced its plan to assess the feasibility of a Real Estate Investment Trust (REIT) conversion.

Over the last quarter, Tennessee-based CCA publicized its potential REIT conversion as a way to "increase long-term shareholder value" by reducing both its federal and state corporate tax liability to zero. In exchange for such a handsome tax rate, CCA must meet REIT guidelines by distributing at least 90 percent of its taxable income to shareholders annually in the form of dividends.

Although an REIT conversion would likely benefit CCA's shareholders – 7 percent of whom are insiders – it would undoubtedly harm small communities, and states in some cases, that rely on CCA for tax revenues. By converting the company to an REIT, CCA insiders would not only slash their company's effective tax rate from 37.2 percent (equivalent to about $92 million in 2011) to zero, but would actually pay themselves an additional $7 million next year. And so long as Republicans and Democrats can agree on a tax-cut extension before December, that $7 million would be subject to a tax rate of 15 percent.

Despite vaunting its commitment to public safety and community partnership, CCA's interest in an REIT conversion demonstrates that the communities in which CCA does business are wholly subordinate to the enrichment of its management.

And what's even more astonishing is that CCA has been here before.

Fifteen years ago, CCA bet that an REIT conversion would produce enough surplus cash on hand necessary for its ambitious expansion plans. To this end, CCA Prison Realty Trust, an REIT registered in Maryland, went public in July 1997 and raised more than $400 million from its initial public offering (IPO). Most of the IPO proceeds were used to purchase nine facilities from CCA, which then leased them back and continued operating them under government contracts. Nine months after CCA Prison Realty Trust was established, it and CCA announced a plan under which the REIT would acquire CCA, the management company.

By operating as a subsidiary of the REIT, CCA could be controlled by insiders and freed from the direct obligation of reporting quarterly earnings growth, while CCA Prison Realty Trust would enjoy REIT tax benefits as the owner of CCA's prisons.

In exchange for "streamlining" publicly owned prisons, CCA asked for a 20-year management contract, plus a guarantee that their prisons would remain at least 90 percent full.

In the immediate aftermath of the merger/REIT conversion, CCA launched what then appeared to be a full-fledged prison speculation campaign. In July 1999, CCA announced plans to build a 2,000-bed, $100 million facility in California City, California, despite not having secured a contract with the state to fill the prison. CCA made similar speculative choices in Georgia and Utah months later.

It's certainly one strategy to fulfill an unmet need; it's another to produce one.

Predictably, CCA's speculative binge prevented the firm from meeting its REIT dividend obligations, and CCA Prison Realty Trust soon fell into default under the terms of its $1 billion credit agreement. In June 2000, the company shed its REIT classification, and when the dust had finally settled, CCA reported that it had lost an astounding $730 million, or 85 percent of its market capitalization.

Don't believe me? At the beginning of 2000, CCA's shares were valued at $1. And to add insult to injury, CCA's poor performance cost the company an additional $120 million in shareholder lawsuit settlements.

Perhaps CCA's looming REIT conversion portends a return to the very sort of speculative practices that nearly bankrupted the company over a decade ago.

In fact, CCA's recent activities suggest that speculation has already begun. Just last March, CCA sent solicitation letters to 48 states offering to buy their state-operated facilities as a solution to the alleged inefficacies of state departments of corrections. In exchange for "streamlining" publicly owned prisons, CCA asked for a 20-year management contract, plus a guarantee that their prisons would remain at least 90 percent full. (Read the letter at http://big.assets.huffingtonpost.com/ccaletter.pdf.)

Oddly, CCA drafted and distributed its plea just three months after the US Department of Justice (DOJ) released a report indicating that the combined US prison population had just decreased for the first time since 1972. CCA's troubling occupancy rate requirement is itself a form of speculation, and all but guarantees higher rates of incarceration at a time when the DOJ thinks we may have just turned the corner.

Prison speculation is flatly antithetical to the most basic tenets of justice and rehabilitation, as CCA once again prioritizes shareholder equity over public safety.

Christopher Petrella is a doctoral candidate in African American Studies at the University of California, Berkeley. He is writing a book-length manuscript, Courts, Contracts, and Corporate Corrections: The Paradox of the Private Prison State.

An Economic Analysis of the Challenge of Armed Conflicts

J. Paul Dunne

This article is excerpted from a longer piece originally published by the Copenhagen Consensus. The full text, including references, is available at http://www.copenhagenconsensus.com/sites/default/files/Armed%2BConflicts_Perspective_1.pdf. This paper builds on research done for the book, "Peace Economics, A Macro-economic Primer for Violence-Afflicted States," published by United States Institute for Peace in 2012. It now forms a chapter in the forthcoming book, Global Problems, Smart Solutions – Costs and Benefits*, from Cambridge University Press. It is printed here with the permission of the author.*

This paper examines the complexity involved in the costing of armed conflict and undertakes an economic cost and benefit analysis of some policies of conflict prevention.

The nature and causes of war are multifaceted and varied. In the last 40 years war has changed, with an increasing role for less formal armies and increased involvement of civilians as victims. There are fewer total conflicts, usually with lower total battle deaths than in the past, but more civil wars.

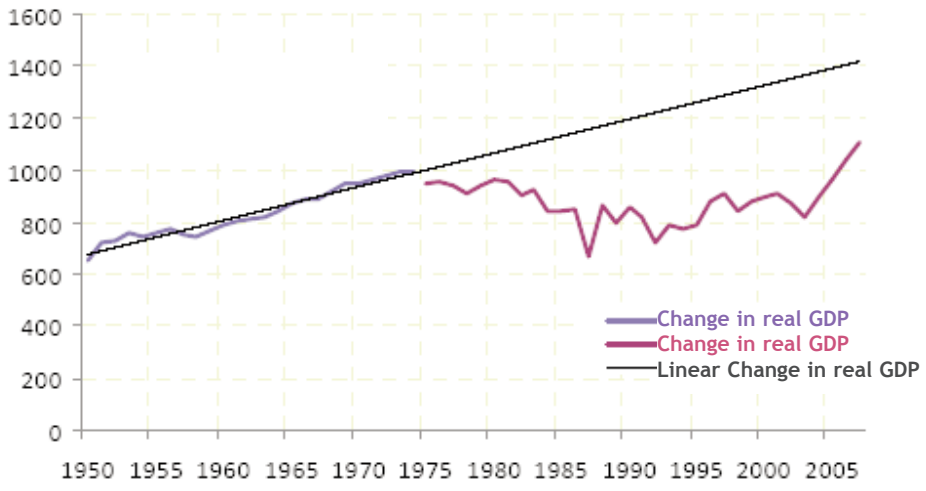
The actual costs of conflict are huge, both direct and indirect, and tend to fall on some of the world's poorest countries. The true costs are almost invariably understated as the legacy costs can continue for many years in countries viewed as "peaceful." Measuring the costs is not straightforward. Comprehensive and consistent computations of current cost (direct and indirect), legacy cost, and spill over cost are required. We can distinguish a range of costs, the generally recognized short and medium term ones: lives lost, permanent injuries, refugees, military expenditure, and loss of assets and capital, GDP/production, and trade; plus the often overlooked long term costs, including intergenerational effects, transboundary effects, and environmental effects.

To measure the actual impact of the cost of conflict, there are two approaches: the accounting and counterfactual methods. The accounting approach tries to work out the total value of goods destroyed. The researcher attempts to find values for as many of the direct and indirect costs as possible. In most cases, there will be many missing values and guesstimates. The problem with this method is the more carefully you look the more cost you can find. Therefore, high costs might simply reflect high effort by the researchers rather than any real difference in cost of conflict.

The second and more commonly used approach is counterfactual analysis, which compares the path of the economy in and after the conflict with the likely path it would have taken in the absence of conflict, as the figure below shows for Ethiopia.

In 2008, the United Nations studied pre- and post-war real per-capita gross domestic product (GDP) in seven countries. In most cases, before the war began, per capita GDP was growing. With the start of war, GDP collapsed and, with peace, GDP started to grow once more. The study suggests that the economic cost of war lies somewhere between 1.7 and 3.3 percent of GDP per conflict year before 1990, and the average reduction was about 12.3 percent after the end of the Cold War. The loss of output is staggering and while countries do recover it is not for a number of years. Another study found that each year of civil war reduces the growth rate by around 2.2 percent. On average, a civil war lasts for around seven years. Thus, by the end of a civil war the economy is approximately 15 percent below its counterfactual level.

A complete survey of the various estimates for general violence does not exist, though Jurgen Brauer and John Tepper-Marlin partially surveyed the economic cost of self-harm, interpersonal, and collective violence, including civil wars and terrorism. They conclude conservatively that, if all violence had ceased, the 2007 value of world economic production, called gross world product, could have been 8.7 percent larger than it actually was. To put this in context, the IMF estimates that the world economic crisis of 2009 amounted to a one-time world output loss of .5 percent.



Population-, Inflation-, and Purchasing-power adjusted GDP for Ethiopia, 1950 – 2007 (base year = 2005)

Source: Penn World Table, v.6.3

An Economic Analysis of the Challenge of Armed Conflicts

Both the accounting and the counterfactual methods have constraints. In estimating the costs of conflict, therefore, it is always important either to offer a range of estimates or to be careful to emphasize the uncertainties involved.

One important measure of the severe effect war can have on human health is "Disability Affected Life Years." The DALY measures the total number of people affected and the period for which their disability lasts. A low DALY value, based on the per capita income in many at-risk countries, is around $1,000. For this paper, we found a reasonable average cost of one conflict is $40 billion. Adding the DALYs to our estimates, we arrive at an estimated cost of $142 billion. There are many factors that cannot be readily enumerated: those most affected by the violence are among the poorest and most disadvantaged; the absence of peace means other development initiatives and interventions won't work; the costs are borne by societies least able to cope; the costs are highly persistent; and there are global spill overs than can be indirect and large – drugs, crime, disease, terrorism. To take these factors into account, it seems reasonable to double the representative value from $142 billion to $284 billion.

In the following section, we propose three interlinked solutions that can help reduce the problem and the cost of armed conflict: prevention, putting networks, organizations and resources in place to stop conflicts happening; intervention, where a conflict has already broken out; and post-conflict reconstruction. Based on trends over the last 20 years of global conflict, for our calculations we assume an average of four conflicts, each of four years duration.

PREVENTION

The first solution is to set up procedures to prevent conflicts from occurring. We have a good idea of countries most at risk. If there were tools that could be used to prevent their moving into conflict, the world would be saved the loss of life and economic costs.

A major part of this would be establishing an effective "early warning system," and translating "early warning" into "early action." More funding is needed for research, collection of information, and an increase in coverage; resources to develop capabilities at country level and within regional bodies; and improvements to diplomatic engagement and mediation services. The cost of providing this sort of support would be relatively minor, as much of the framework already exists.

The budget for UN Peacekeeping operations is less than $8 billion, less than half of one percent of world military expenditures. To undertake [peacekeeping] roles ...would require a larger and better-resourced UN force than exists at present.

Peacekeeping Operations

The budget for UN Peacekeeping operations is less than $8 billion, less than half of one percent of world military expenditures. To undertake such roles properly would require a larger and better-resourced UN force than exists at present. We estimate a free-standing UN rapid reaction force could cost $200,000 per annum (pa) for 15,000 standing troops, giving a cost of $3 billion pa. In addition, peacekeeping operations need strong non-military support. We add in another $1 billion for non-military personnel, such as police, administrators, and professional mediators, to assist in peacemaking activities.

Aid and Economic Sanctions

Targeted sanctions could play an important part in preventing conflict, aimed at one or both sides in the dispute. The obvious instruments include arms sanctions to prevent further militarization; financial sanctions to limit income; and commodity sanctions to prevent exports and reduce income flows to protagonists. They need to be designed to maximize the impact on the elite and minimize the impact on ordinary citizens.

One might see the sanctions as "sticks" and aid as the main "carrot" in attempts to prevent conflict. Minimizing economic stress also helps minimize the potential for conflict. Aid can play an important role in preventing the onset of conflict by targeting problems that seem to be increasing the probability of conflict. Official development assistance reached about $100 billion in 2006. If we assume an extra 1.5 percent would provide the necessary leverage, $1.5 billion is a reasonable figure. It is also possible that targeted economic sanctions would be necessary, which we put at a cost of $0.5 billion. This gives a cost of $2 billion pa for economic sanctions and aid combined.

Action on Arms Trade

Sanctions may not be particularly successful given the nature of the arms trade. Major suppliers can withhold arms, especially high tech equipment, but there are other ways of getting arms, particularly the low-tech equipment of most wars: through countries not committed to sanctions, and through the private, second hand and/or illicit markets. Agreements and treaties, assistance with border controls and anti-smuggling, and the international investigations of illegal arms flows, if nothing else, increase cost and lower affordability for those involved in the trade. Half a billion dollars a year should provide some worthwhile and effective support.

Summarizing, in billions of dollars, the costs per year per conflict for pre-conflict prevention are:

Early warning, etc.	1.0
Economic sanctions/Aid	2.0
UN Troops and backup	3.0
Non miitaryl forces	1.0
Action on Arms trade	0.5
TOTAL	7.5

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An Economic Analysis of the Challenge of Armed Conflicts

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INTERVENTION

This solution really is intended to deal with an ongoing conflict, to stop it from continuing and deal with the immediate aftermath.

Peacekeepers

Given the likely need for military action, this solution will require some better armed forces than those suggested for prevention, but these "peacemaking" troops would have specific rules of engagement and need to be supported by both peacekeepers and non-military forces. To reflect the costs of better-armed troops, the proposed costs is around $4 billion pa. In addition, costs of non-military forces, such as police, technicians, doctors, administrators, etc. are added to help deal with grievances and the immediate impact, at a cost of $1 billion per year.

Intelligence

Improved intelligence could be extremely beneficial for any intervention, providing up-to-date and detailed information on conditions on the ground, political, military and social, so we allow for $1 billion pa to provide this.

Economic sanctions and aid

Economic sanctions could be important in putting increased pressure on the protagonists. It may even be enough — when combined with the credible threat of action — to stop the conflict. Aid will be important in assisting the intervention and dealing with humanitarian problems. We allow for $1 billion pa to cover both.

Summarizing, in billions of dollars, the costs per year per conflict for intervention are:

Intelligence, etc.	1.0
Economic sanctions/Aid	1.0
UN Rapid reaction	4.0
UN Peacekeepers	2.0
Non military forces	1.0
TOTAL	9.0

Economic sanctions could be important in putting increased pressure on the protagonists. It may even be enough — when combined with the credible threat of action — to stop the conflict.

POST-CONFLICT RECONSTRUCTION SUPPORT

Once peace has been achieved through victory by one side, stalemate, or the effects of intervention of some form, there is the need for reconstruction and repair of the economy and society, in a manner that prevents the country falling back into conflict.

It is useful to consider post conflict as a process that goes through four phases of recovery and reconstruction. The first is ending the fighting. Secondly, rehabilitation and restoration including: removal of limitations on civil activity; re-establishing civil law; re-establishment of institutions; disarming ex-combatants; demining roads; and returning displaced persons. Then reconstruction and/or replacement will involve gaining financial resources for reconstruction, replacing and repairing capital and infrastructure, introducing or reintroducing democracy, developing and restructuring civil institutions consistent with post conflict environment, and beginning reconciliation. Finally, development and transformation will involve adopting and implementing a new vision for society and undertaking structural changes. Seeing post-conflict reconstruction in this way makes the achievement of peace a process and allows more effort to go into creating a "peaceful"' country, rather than a country which is merely no longer in conflict.

An improving economy would clearly make it easier to move through all stages. However, it is important to balance the demands for greater economic growth with those for greater social justice and human welfare. To impose generic policies for economic growth may well lead to a reigniting of hostilities.

Additionally, the end of war does not necessarily imply economic security. Political instability can discourage private investment, especially foreign direct investment. Governments may find it difficult to raise taxes or borrow from the public and will be tempted to print money, possibly resulting in inflation. In conflict situations, the informal economy often comes to the fore, but with the end of conflict the strength of this sector can act as a restraint on the reassertion of the formal economy. However, it may be the only viable possibility of livelihood for many, and the impact of destroying it through reconstruction policies may not be compensated for by the growth of the formal sector. Aid can destroy the existing market structures and lead to anomalies, such as farmers being ruined by inflows of cheap aid.

It will be important to reduce military spending, but it is difficult and dangerous to simply disband the armed forces. In post conflict situations the security sector is often characterized by corruption, ethnicisation, poor oversight, and inefficiencies. Linked to the provision of physical security is the proper functioning of the courts, the prison system, small arms control, and the rule of law. The international community may need to be directly involved if the relevant state structures have broken down. These considerations seem to justify some maintenance of security spending, but there must be clear guidelines.

Intelligence

It is important to have good knowledge of the economic, political, and social background of the countries, the causes of conflict, the reason for it ending, and the context of the post conflict period.

An Economic Analysis of the Challenge of Armed Conflicts

Many problems have come about with policies designed with a lack of understanding. We allocate about $0.5 billion pa to support such efforts.

Peacekeeping forces

These can be important, but will have a different role than the intervention forces discussed above and will more likely be truly peacekeeping forces. Depending upon the situation in the country, the troops may be required to keep the sides apart, but are more likely to be involved in "policing" the peace agreement.

Non-military support

Non-military forces are useful. Police and justice "development" projects could ensure reduced corruption. Certainly, support is likely to be required for creating credible and non-corrupt institutions of state. Mediation and reconciliation services may also be important, recognizing that the end of conflict is not necessarily the end of violence. We include $2 billion pa for services and personnel.

Aid

International aid, economic and humanitarian, will also play an important role. This will include the usual post-conflict policies of demobilization, infrastructure development, human capital development, development of banking and finance, macroeconomic and trade policy support. It is also clear that foreign aid will need to be much larger in post-conflict situations than in the other solutions, as so much damage will already have been created. For this reason, we suggest $8 billion pa over the four years.

Summarizing, in billions of dollars, the costs per year per conflict for post-conflict reconstruction support are:

Intelligence	0.5
Aid	8.0
UN Troops and backup	3.0
Non military forces	1.0
Action on Arms trade	0.5
TOTAL:	13.0

There are certainly good returns to investing more funds in post-conflict restructuring, but the benefit cost ratios are not as high as the other solutions. This is not surprising, given that international organizations, governments, and NGOs already commit a great deal of effort and resources to assisting countries coming out of conflict. Additional resources would only have a marginal effect (the easy benefits have already been achieved). It is also a long-run process. Our main concern is that the legacy costs may not be identified correctly and that international effort may end before an end to violence.

Based on these calculations, our estimate of the likely costs and benefits for each of these three solutions is shown in the table below.

Clearly, the results suggest that most cost effective way of dealing with the cost of conflict is to prevent the conflicts taking place, although care needs to be taken that this is not being undertaken

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SOLUTION	Assumptions	Benefits	Costs	Benefit-Cost Ratio
PREVENTION	$1000 DALY, 3%	852	56	15.2
	$1000 DALY, 5%	606	54	11.2
	$5000 DALY, 3%	966	56	17.3
	$5000 DALY, 5%	726	54	13.4

Note: This assumes prevention averts three out of four conflicts and so 75% of the full four-year costs.

SOLUTION	Assumptions	Benefits	Costs	Benefit-Cost Ratio
INTERVENTION	$1000 DALY, 3%	852	100	6.4
	$1000 DALY, 5%	606	96	4.8
	$5000 DALY, 3%	966	100	7.2
	$5000 DALY, 5%	726	96	5.7

Note: This assumes that intervention averts 75% of the costs of conflict, as conflicts have already started.

SOLUTION	Assumptions	Benefits	Costs	Benefit-Cost Ratio
POST-CONFLICT	$1000 DALY, 3%	568	145	3.9
	$1000 DALY, 5%	404	138	2.9
	$5000 DALY, 3%	644	145	4.9
	$5000 DALY, 5%	484	138	3.5

Note: This assumes that post conflict reconstruction averts 50% of the costs of conflict, as the conflicts have already ended or are close to it.

The Financial Costs of Bullying, Violence, and Vandalism

Rick Phillips

This article first appeared on February 20, 2011 on the Community Matters website. Community Matters is recognized as an innovative and thought-leading organization committed to improving the social-emotional climate of our nation's schools and communities. The pdf of the original article can be downloaded at. http://community-matters.org/downloads/SLATE%20magazine.%20Financial%20Cost%20of%20Bullying,%20Violence%20and%20Vandalism%20Feb%202011.pdf.

During times of economic crisis, school climate issues such as bullying, violence, and vandalism can grow more intense and frequent as economic and family stressors worsen.

At the same time, budget cuts leave many schools with less money to address these issues as well as fewer counselors, school resource officers, administrators, and teachers. Staff members have more responsibilities and less time to handle problematic situations. It's a recipe for disaster.

School climate is an important determinant of a school's ability to deliver on its mission; however, the impact of school climate on a school's budget is often largely ignored or underestimated. This is chiefly because there is no standardized way to track and assess the losses and costs associated with negative student behaviors, yet the financial impact is significant.

School climate is an important determinant of a school's ability to deliver on its mission; however, the impact of school climate on a school's budget is often largely ignored or underestimated. ...yet the financial impact is significant.

School Climate Loss and Cost Calculator

Community Matters has developed an auditing tool, called the School Climate Loss and Cost Calculator, to help administrators more accurately identify the cost of behaviors associated with a negative school climate. The calculator is available at no cost to all schools at http://community-matters.org/programs-and-services/calculator. The calculator uses data that most schools routinely track to make reasonable assessments of the financial losses and costs that schools incur each year because of students' negative behaviors, and assess their financial impact. Although the example in this article is based on averages and statistical trends in a fictional high school, the online calculator can be adjusted for any level by ignoring any unneeded categories or adjusting figures to match an actual school's data. For this purpose, the calculator includes an active spreadsheet for the user to input a school's actual or estimated data.

We all know that data drive decisions, especially at times when every dollar's use is hotly contested. The data from this calculator will help administrators make a solid financial case for investments in preventing bullying, violence, and vandalism and fostering a more positive school climate.

Loss and Cost Drivers

As school bullying and violence increases, so do suspensions, expulsions, and alternative education placements as schools are compelled by policies and safety concerns to take disciplinary action. In addition, when students feel emotionally or physically unsafe, attendance and grades can fall because of actual or psychosomatic illnesses, elective truancy, or dropping out. An increasingly negative climate can also lead to more vandalism as students look for an outlet to express their frustration, powerlessness, despair, anger, or fear.

Truancy/Low Attendance

A recent study noted that 8% of middle school students reported skipping school at least once due to fear of bullying. In addition, one out of four middle schoolers reported taking other actions, such as skipping class or going home sick, to avoid encountering a bully (Perkins, Perkins, & Craig, 2009).

There is a financial consequence associated with students missing school. One way to calculate this loss is to look at truancy rates. Truancy is generally defined as an unexcused absence of at least one day per month per truant student (each truant student is absent at least nine times in a nine-month school year). Truancies can then be multiplied by a school's reimbursement rate — in most states, this is defined as the Average Daily Attendance (ADA) rate — to compute the average financial loss due to truancy.

For example, if a school has 1,000 students and a truancy rate of 6% (lower than most sources estimate the national average to be), there will be 60 students absent at least nine times per year, resulting in at least 540 days of lost ADA funding. The approximate national average ADA rate is $40/day (Phillips, Linney, & Pack, 2008); multiplying that rate by the 540 missed days, the sample high school would experience a loss of at least $21,600 per year because of truancy.

Suspensions

When negative behaviors, such as fighting, bullying, or harassment, increase, so do suspensions. There are both costs and losses associated with suspensions, and a formula for estimating these amounts (Phillips, Linney, & Pack, 2008). On the basis of conversations with school administrators nationally, we calculated an average cost of approximately $170 of combined staff time per behavioral incident that leads to a suspension. In addition, assuming that each suspension results in three days out of school (the average length of one suspension), there is a $120 loss of ADA of ADA funds per suspension ($40 ADA

The Financial Costs of Bullying, Violence, and Vandalism

multiplied by 3 days). Combining the $170 cost with the $120 loss leads to an average negative financial impact of $290.

For the sample high school with 1,000 students, a 6% suspension rate (the 2006 national average) (National Center for Education Statistics [NCES], 2009) gives 60 suspensions, which is then multiplied by $290 (financial impact per suspension). This results in an annual loss plus cost of $17,400 due to suspensions.

Expulsions

As with suspensions, there are both administrative costs and ADA losses from expulsions. If the average administrative cost is the same for expulsions as it is for suspensions ($170) and the 1,000-student sample school has a 2% expulsion rate (lower than the 3.06% average for 2006) (NCES, 2009), multiply 20 expulsions by $170 to get an annual cost of $3,400 for expulsions.

In addition, assuming the midpoint of the school year as the average expulsion date, multiply 90 days (180 student attendance days is the average length of a school year) by the ADA rate ($40) by the number of expulsions (20) to show an annual ADA loss of $72,000 due to expulsions for an average high school.

For the sample school, therefore, the total annual losses and costs due to expulsions are estimated to add up to $75,400.

Dropping Out

Academic problems and a fear of going to school can lead to a student's decision to leave school prior to graduation. Dropout rates vary widely and are not derived consistently. The national dropout rates as of 2009, therefore, range from 7% to 55% (Barton, 2005) for students who leave without completing high school. Because most students who drop out leave in the middle of 10th grade, the average school would have a total of 450 days of missed school per dropout.

Looking at the sample high school of 1,000 students, if the dropout rate is in the low part of the range, 12%, multiply 120 by the ADA rate ($40) by 450 days. The total annual loss, therefore, could total $2,160,000 as a result of students dropping out.

Alternative Educational Placements

When violent or negative behaviors (being in possession or under the influence of drugs or alcohol, possessing weapons, or engaging in fights or assaults) dictate that a student must be placed in a continuation or pre-expulsion secondary school, it can be costly to a school or district. For Clear Creek Independent School District in Texas, for example, the cost per student per year for one mandatory disciplinary alternative educational placement (MDAEP) was $2,500 in 2008–09.

Using this figure for the sample high school of 1,000 students, if 1% (10 students) require MDAEP, the cost is $25,000.

Vandalism

Students who don't feel connected to their school are more likely to commit vandalism. (US Department of Education, n.d.) Feelings of powerlessness, despair, anger, or fear related to social status and school experiences lead students to vandalize school property. Perceptions of physical and emotional safety and belonging go hand-in-hand.

The estimated average cost for an incident of vandalism (the combination of staff time, materials, and replacement equipment or repairs) is $400. Assuming a conservative vandalism rate of one

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The Financial Costs of Bullying, Violence, and Vandalism

(continued from page 11)

incident per week, 38 weeks in a school year, and an average cost of $400, the sample high school would incur an annual cost of $15,200 because of vandalism.

Putting It All Together

When adding up the losses and costs for this sample school, the totals are staggering (below):

How does your school compare? What are your losses and costs due to bullying, violence, and vandalism? Can your school actually afford to cut violence-prevention and early-intervention programs and staff members?

If the sample school was able to reduce its suspension rate from 6% to 3%, it would save $8,700 in one year alone. If the sample school also reduces its truancy rate from 6% to 3%, it would save an additional $10,800. In this way, many violence-prevention programs more than pay for themselves.

Conclusion

Using the data compiled and analyzed through the School Climate Loss and Cost Calculator, administrators and school districts will have a clearer choice: pay the costs and incur the losses from bullying, violence, and vandalism or invest in fostering a more positive school climate and thereby reduce financial losses and costs.

Having more specific information about actual costs and losses due to negative student behaviors can help school leaders make more-informed choices when faced with difficult budget decisions. Information is power, and I hope that this information will help decisionmakers see that violence-prevention programs and social-emotional student services are not merely a line-item expense. Decreasing negative student behaviors is ultimately a cost savings measure that helps schools accomplish the overall mission of ensuring that all students are given the chance to thrive academically, socially, and emotionally.

Author's note: To calculate your school's own annual losses and costs due to bullying, violence, and vandalism, download a free School Climate Loss and Cost Calculator at http://community-matters.org/programs-and-services/calculator.

Having more specific information about actual costs and losses due to negative student behaviors can help school leaders make more-informed choices when faced with difficult budget decisions.

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Resource

Hoover, J. H., & Oliver, R. (1996.) *The bullying prevention handbook.* Bloomington, IN: National Educational Service.

Rick Phillips is the executive director of Community Matters, a nonprofit organization that has worked with more than 1,000 schools and youth-serving organizations across North America addressing youth empowerment and violence prevention with its Safe School Ambassadors program. Phillips is a nationally recognized educator, speaker, facilitator, and trainer. He is the author of Safe School Ambassadors: Harnessing Student Power to Stop Bullying and Violence.

BEHAVIOR	LOSSES	COSTS
Truancy/Low Attendance	$21,600	
Suspensions		$17,400
Vandalism		$15,200
Dropping Out	$2,160,000	
Mandatory Disciplinary Alternative Education Placements		$25,000
Expulsions	$72,000	$3,400
TOTAL	$2,253,600	$61,000

Total annual fincancial impact of both losses and costs = $2,314,600

An Economic Analysis of the Challenge of Armed Conflicts
(continued from page 9)

against the interests of the citizens of the countries — in some cases, conflict may have positive outcomes. Possible intervention after conflicts do break out has been shown to be extremely cost effective, but again there are a number of political issues, and clear guidelines need to be agreed. If intervention succeeds, it will lead to the post-conflict reconstruction phase earlier than would have happened otherwise, and the costs to the country and the international community are likely to be smaller. When conflicts do end, requirements for reconstruction are contingent on the nature of the conflict and the way it ended. Post-conflict policies can be costly but also are cost effective in preventing suffering, and building up economies that provide for new markets. While post-conflict policies may not have the highest benefit costs ratio, they do represent necessities.

It is important to emphasize that even with the efforts we have made the true costs of armed conflicts are still likely to be hugely underestimated. The unmeasureables are significant and the full legacy costs are not always registered as the cost of the conflict. It may be possible to have some immediate impacts in prevention and intervention, but post-conflict reconstruction initiatives are for the long run and, in the past, have failed because of short-run attitudes. Prevention and intervention have received not nearly enough attention and more research is certainly required to provide consistent and comprehensive cost benefit analyses of these potential solutions to conflict. The bottom line is that without peace, there cannot be development, and the Millennium goals and other development targets become unattainable. The benefits we have calculated here can only been seen as a mere fraction of what could be achieved.

J. Paul Dunne is Professor of Economics, School of Economics, University of Cape Town, Emeritus Professor of Economics, University of the West of England, Bristol, and Research Associate, South African Labour and Development Research Unit University of Cape Town. He is also editor with Jurgen Brauer of the online Economics of Peace and Security Journal *and is a Fellow of EPS.*

US Firearms Industry: Production and Supply

Jurgen Brauer of EPS UK has published a new article, *US Firearms Industry: Production and Supply*. It analyzes economic aspects of the US firearms industry, specifically the civilian, private security, and law enforcement (i.e. non-military) markets for pistols, revolvers, rifles, and shotguns, providing a focus on supply-side issues.

You can find it at http://www.epsjournal.org.uk/abs/Vol8/No1/eps_v8n1_Brauer.pdf.
Remember, EPS members receive a discount on the EPS Journal!
Also, visit the Small Arms Survey website, http://www.smallarmssurvey.org, and search for Jurgen Brauer.

The Economics of Peace and Security Journal, Vol. 8, No. 1
On the defense and firearms industries, growth, and foreign aid

The Journal is a peer-reviewed online publication hosted by EPS-UK. Published twice yearly, it raises and debates all issues related to the political economy of personal, communal, national, international, and global peace and security. EPS members receive a 25% discount on the annual subscription to the Economics of Peace and Security Journal. A regular one-year subscription is $32; for EPS members, it's only $24! Non-subscribers can access the abstracts and contents pages.

For more information about the Journal or to subscribe, visit http://www.epsjournal.org.uk/.

The Brady Center to Prevent Gun Violence

The Brady Campaign works to create a safer America by leading on policy and programs that aim to dramatically reduce the number of gun deaths and injuries. The Brady Campaign to Prevent Gun Violence believes in a comprehensive approach to reducing gun violence in our nation, including both: 1. policy to keep guns out of the hands of criminals and dangerous people, and 2. public health and safety programs to inspire safer attitudes and behaviors around the 300 million guns in our homes and communities.

The Brady Campaign supports a policy platform that addresses the broad gun violence problem.
Find out more at http://www.bradycampaign.org/.

IN OTHER NEWS

Pentagon a ripe target for cuts

Linda Bilmes for *The Boston Globe*, July 31, 2013

A common theme connects recent protests in Turkey, Brazil, Egypt, and elsewhere. That theme is the rising discontent of the middle class brought about by the failure of their governments to deliver popular priorities. Apart from the brief Occupy Wall Street movement, people aren't taking to the streets here in the United States. Nonetheless, there's growing evidence that some of the trends unfolding abroad also are at work in our own backyard.

Last fall, a coalition of 85 grass-roots organizations, including teachers, veterans, unions, and community activists, placed something called the "Budget for All" on the Massachusetts ballot. The referendum urged the federal government to end the war in Afghanistan, reduce military spending, shift funding to domestic priorities, and increase taxes on the wealthy. Voters in the Commonwealth approved the measure by margins of nearly 3 to 1 in all 91 cities and towns where it was on the ballot, including many places that voted for Mitt Romney in the presidential race.

The Legislature has now taken up the matter. State Senator Dan Wolf, Representative Carl Sciortino, and 34 co-sponsors have proposed a Budget for All resolution that calls on President Obama and the US Congress to embrace these priorities.

Linda Bilmes is a member of the Board of Directors of EPS. To read the complete op-ed, go to http://www.bostonglobe.com/opinion/2013/07/31/common-sense-budget-for-all/nl3mUXCMpOkWQd4TYDxQmO/story.html?s_campaign=8315.

The Changing of the Monetary Guard

Joseph E. Stiglitz for *Project Syndicate*, August 5, 2013

With leadership transitions at many central banks either under way or coming soon, many of those who were partly responsible for creating the global economic crisis that erupted in 2008 — before taking strong action to prevent the worst — are departing to mixed reviews. The main question now is the extent to which those reviews will influence their successors' behavior.

Many financial market players are grateful for the regulatory laxity that allowed them to reap enormous profits before the crisis, and for the generous bailouts that helped them to recapitalize — and often to walk off with mega-bonuses — even as they brought the global economy to near-ruin. True, easy money did help to restore equity prices, but it might also have created new asset bubbles.

Joseph Stiglitz is a member of the EPS Board of Trustees. Find the entire article at http://www.project-syndicate.org/commentary/guidelines-for-new-central-bankers-by-joseph-e--stiglitz.

You and a guest are cordially invited
to join us for
Preview: An evening with Ric Holt
Ric Holt is author of a book-in-progress of the letters of John Kenneth Galbraith and of a book-in-progress on the friendship between Galbraith and William F. Buckley, Jr.
To be held at the home of
Kathleen Stephansen and Andrew Racine, 1725 York Ave. Apt 8F New York, NY 10128
November 19, 2013, 6:30 – 9:00pm
Special guests will be James K. Galbraith and Richard Parker

Refreshments and hors d'oeuvres will be served
To attend this event please contact Thea Harvey: 845.758.0917 or theaharvey@epsusa.org.

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Commentary: Anniversary of the March on Washington

Jeffrey Sachs

Professor Sachs' remarks at the March on Washington 50th Anniversary were delivered on the steps of the Lincoln Memorial.

If the arc of the moral universe bends towards justice, as Martin Luther King Jr. reminded us, it is because righteous souls in each generation pull that arc towards its hallowed end. 50 years ago at this spot, King spoke to righteous men and women who braved police dogs and water cannon to fulfill their role in shaping the moral universe. They did their job bravely and well and we honor them today.

Yet the great task of moral construction is never finished. There is no final victory on Earth, only an inheritance of justice that each generation must renew and pass to the next. 1963 was a year of moral crisis and renewal. It was a year to rescue America's soul and to move the world, as John F. Kennedy did with the Nuclear Test Ban Treaty. It was a year of martyrdom of that young president, who had told us that "when one man is enslaved, all are not free."

2013 is another year of moral crisis. America is mired in income inequality. America enslaves multitudes of black and Hispanic young men to feed the avarice of its privatized penitentiaries. America despoils the Earth by its heedless fracking and burning of fossil fuels. And America sends drone missiles that kill innocent wedding-goers in a misguided war on Islam.

It was the genius of the generation of 1963 to recognize the indivisibility of morality. Martin Luther King Jr., John F. Kennedy, and Pope John XXIII knew that racism, poverty and militarism all carry us away from human needs and aspirations.

It is our turn to bend the arc of the moral universe. We too must banish the moneylenders, not from the temple but from the lobbies of Congress and the White House. We too must beat swords into plowshares, joining together with Iranians, Egyptians, Palestinians and Israelis, to honor the prophets of peace. And we must end our assault on nature, leaving oil and coal in the ground and harvesting the sun and the wind instead.

In our age of greed and glitter, the work of justice often seems to be stilled. But do not be deceived. For the ancient cry still moves us today: Justice, justice shall you pursue, so that you may live in the Promised Land.

Jeffrey Sachs serves as Director of The Earth Institute, Quetelet Professor of Sustainable Development, and Professor of Health Policy and Management at Columbia University. He is Special Advisor to United Nations Secretary-General Ban Ki-moon on the Millennium Development Goals, having held the same position under former UN Secretary-General Kofi Annan.

UPCOMING EVENTS

- **September 21, 2013 The International Day of Peace** this year falls on a Saturday. Special activities and celebrations are scheduled all across the world over the 2013 Peace Day Weekend, including festivals, concerts, a global Peace Wave with moments of silence at noon in every time zone, and much more. Celebrate the difference one day can make! Learn about the history of the International Day of Peaceand discover various participatory events at **http://www.un.org/en/events/peaceday/** or **http://www.internationaldayofpeace.org/.**

- **October 3 — 5, 2013 Leadership for Peace and Prosperity Conference,** presented by the Center for Peace and Commerce, the Ahlers Center for International Business, and the Institute for Economics and Peace, will take place at the University of San Diego. Friday, October 4th from 8am until 12:30pm will be dedicated to their Annual Summit on Peace and Prosperity through Trade and Commerce, and include panel presentations by industry leaders. For further information, visit **http://www.sandiego.edu/peaceprosperity/.**

- **November 7 — 9, 2013 The 8th European Peace Research Association (EuPRA) Conference** will be held at Eastern Mediterranean University, North Cyprus. The conference theme will be "Building Positive Peace in Europe and Its Neighborhood." For details, including calls for papers, go to **http://www.euprapeace.org/eupra/** and click on **"Conference 2013"** to the right under "Pages Most Read."

- **November 7 — 9, 2013 The 25th EAEPE annual Conference** will take place at Université Paris Nord, Paris, France. The conference theme will focus on the state and future of industries in Europe, with a special emphasis on policy. More information is can be found at **http://www.eaepe.org/node/17311.**

- **January 3 — 5, 2014 The annual AEA/ASSA meetings** will be held in Philadelphia, PA. EPS will host two panel discussions: Security Economics, and Costs and Consequences of Austerity. This year's EPS Annual Dinner will honor Jeffrey Sachs (see his commentary above). Please see the back page of this issue of EPS Quarterly for details, or visit **http://epsusa.org/events/events.htm.**

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Annual meetings of the Allied Social Sciences Association and American Economics Association

January 3 – 5, 2014 in Philadelphia, PA

EPS will host two sessions and a dinner in honor of Jeffrey Sachs

Friday, January 3, 2014 at 2:30pm

Security Economics (Panel discussion)

Philadelphia Marriott, Meeting Room 305

Panel Moderator: Richard Kaufman (Bethesda Research Institute)
- **Linda Bilmes (Harvard University)**
- **Michael Lind (New America Foundation)**
- **William Hartung (Center for International Policy**
- **Cyrus Bina (University of Minnesota-Morris)**
- **Heather Hurlburt (National Security Network)**

Saturday, January 4, 2014 at 10:15am

Costs and Consequences of Austerity

(Panel discussion)

Philadelphia Marriott, Grand Ballroom, Salon B

Panel Moderator: Allen Sinai (Decision Economics)
- **Carmen Reinhart (Harvard University)**
- **Robert Pollin (University of Massachusetts-Amherst)**
- **Olivier Blanchard (International Monetary Fund)**
- **Susan Collins (University of Michigan)**
- **Robert Zoellick (Peterson Institute for International Economics)**

Saturday, January 4, 2014 at 6:30pm
Philadelphia Marriott Downtown

Dinner honoring Jeffrey Sachs

Host committee chaired by Richard Parker

Contact Thea Harvey for more information: theaharvey@epsusa.org

Summaries of EPS involvement at past ASSA/AEA Annual Meetings can be found at http://www.epsusa.org/events/aea.htm