

(Continued from page one)

The recommendation is based upon the test of providing a "maintenance of present force budget." In this analysis, the Administration's personnel proposals are laid out, as is the entire operational and maintenance budget. The procurement item, however, should be reduced by between \$7.5 and \$14 billion. The military statement caused by already overwhelming nuclear power suggests sharp curtailment of the military research and development and construction funds.

The Administration's recommendation on atomic energy deserves to be cut by about two-thirds, since further production of warheads makes no sense. Civil defense should be cut out as technically ineffectual and politically dangerous. The same logic applies to the heaviest industrial stockpiling activity—already an economic and physical encumbrance.

Such cuts and the transfer of these billions to the civilian economy would free the resources needed to solve five pressing national problems.

(1) The civilian economy of the U. S. needs a massive infusion of capital and technical talent to stop industrial stagnation, to modernize our industries, and to generate productive employment. These are essential for solving the economic problems of our youth, the job needs of Negroes, and to compensate for automation displacement.

In 1960, for example, while we spent about 10 per cent of our goods and services for military purposes, the same year, we spent 5 per cent for machinery and equipment for our industries, while the countries of the Common Market spent 10 per cent for theirs. The result has been plain for all to see: full employment and rapid economic development in the countries of the Common Market, and economic stagnation in many regions of the United States.

(2) The fight of gold from the Federal Treasury has reached the point where it jeopardizes the international value of the dollar. (Twelve years ago the U. S. government held 124 billion in gold billions. Today the gold stock has been reduced to about \$15 billion. This compares to \$12 billion that is legally required as the basis for our currency. At the same time, about \$18 billion in claims against U. S. gold is held by the central bankers of foreign countries and by various private individuals.) The cause of the adverse balance of payments is composed of many elements, but one element dominates and converts a favorable balance of trade into an unfavorable balance of payments: heavy dollar spending abroad for military purposes.

(3) We have developed a new condition in American life, a bureaucracy that rules a military-industrial complex

In the United States, highly concentrated in particular states and regions (45 per cent of industrial work in California, but 2 per cent in Detroit), the military manufacturing industry takes orders directly from the Department of Defense and delivers its goods to that customer only. We have yet to see serious steps by these military industrialists toward blurring the conversion of their firms from military to civilian economy.

(4) Thirty to forty million Americans live in deep poverty, with family incomes of less than \$1,000 per year; they are poorly housed, poorly fed, poorly educated, and lack the technical talent to raise the productivity of these people if being used elsewhere. One result is that one out of six Americans is virtually removed from the market for consumer goods.

(5) While concentrating on military development at home and abroad, we have left more than half the population of the earth in bleak poverty, and thus vulnerable to Soviet penetration. Our foreign assistance program has been overwhelmingly military. So long as economic development is left to be carried out by a process of extracting taxes from an impoverished peasantry, a police state becomes a reasonable, necessary form of government. This will continue to be the case until we organize our enormous productive resources to make possible the option of economic development together with a measure of personal and political freedom.

### New Policy Opportunities

The large savings that are possible in our military expenditures, even while maintaining enormous military power, allow us to raise fresh questions about our whole world strategy. The policy of the United States has been based on the assumption that military power is the indispensable instrument for resolving national conflicts.

What are the possible alternatives to this view? Could the productive capability of the United States be used as an instrument of power?

If we use our productive might to generate economic development at home and abroad, then we could create a new situation: an industrial thrust from the United States of such power and political consequences that in order to meet it the Soviets, for their part, would have to take disarmament seriously. Could such a strategy, a peace race, break the negotiating deadlock which now plagues all our disarmament efforts?

A prudent national budget can maintain the present military capacity while liberating vast resources. These resources are the proper size for ameliorating grave national problems, and for mounting an alternative system of power politics based upon our industrial, productive might.

prevent total kill. What remains then of nuclear military strategy is deterrence, a thermonuclear threat system—and we obviously have sufficient military power now to deter.

### Adding to Surplus Destruction

Why then does the proposed 1964 military budget include about \$12 billion for additional strategic weapons, and the development of such weapons? There are three main explanations for the Pentagon proposal.

During a recent visit with the Assistant Secretary of Defense and his staff, I discovered, first, that they have not learned to face the fact that offensive and defensive strategic power is now at a stalemate because of the overwhelming power of offensive nuclear capability.

Some of the senior Defense Department people are still devoted to the "counterforce" strategy—the theory that advises an attempt to knock out the military system in an opponent, thereby preventing it from launching a second round of military systems. This is advocated, despite the fact that the Secretary of Defense, in his budget message to the Congress, indicated that such a strategy is unworkable, since the Soviets have the means of hardening missile sites on land and locating missiles in submarines.

The search for counterforce capability is very expensive: it requires an advantage of the order of ten to one in missiles, and unattainable precision in locating submarines, etc. There is no known way to prevent strike-destructive counterforce in the case of first strikes, either by the Soviets or by the United States.

The second explanation for more overall spending is historical and institutional. The search for nuclear military superiority produced enormous overall capability, which changed the conditions of offensive and defensive strategy. But this transformation went unnoticed by the people who made it happen, for they were immersed in the detailed technical aspects of this process. Also, the Pentagon, like other large organizations, practices "substitution," a policy which allows the improvement of the system will be the sum of the improvements of the parts. This is no longer possible, for the new condition of overall kill is closed the way to military decline improvements. A population can be killed only once.

Finally, the military estate security with military security. They don't perceive that military power, coupled with economic and political weakness, is poor security policy.

### Cost of Surplus Destruction

One of the most disturbing aspects of the current defense procurement of surplus destruction is the cost.

Our military spending is 10 per cent of the Gross National Product. The cost of surplus destruction is the use of three-quarters of the engineering and scientific talent of the country for these purposes; these men are attracted by the higher salaries of military industry. This pressure is undermining our civilian industrial economy and retarding the growth of America's domestic industrial efficiency. The capability to manufacture quality producers' goods at low cost and price is diminished and thus depresses the United States toward a second-rate position as a supplier of industrial goods for the developing nations of the world. Such a condition is bound to have profound, weakening effects on the political position of the United States relative to Europe and the Soviet Union. For the supply of basic industrial goods to the developing countries is one of the basic ways by which political relationships are established.

Security means not only military power, but a combination of military, economic, and political strength.

### Industrial Depletion

The United States now has the oldest stock of metal-working machine tools of any major industrial country.

In 1963, 84 per cent of our machine tools are 10 years old or older. In West Germany, the figure is 55 per cent. Productivity in every class of metalworking production is limited, and our whole industrial system is affected.

Technological stagnation and economic decay are to be seen in a host of industries that are the base for a modern industrial system. Our steel industry has been neglectful of research and development; the shipbuilding industry of the United States has long ceased to be competitive. It has been neglectful of research and development and has not pursued technical opportunities such as standardization of design and modern industrial engineering. The same conditions prevail in many classes of electrical machinery, printing machinery, textile machinery and manufacturing instruments, elevators, large electric motors, materials-handling equipment, typewriters and sewing machines.

In 1948, we manufactured virtually all of the typewriters that were sold here. At present, 60 per cent or less of America's requirements are manufactured here. The remainder is imported due to the lack of technological development in the typewriter industry in this country.

In the sewing machine industry, there now is only one major firm manufacturing household sewing machines, with only one factory in the United States and 27 plants abroad—many supplying our domestic market.

The second side of the depletion of civilian industry is the relative shortage of capital for productive investment. This shortage has been due to the depleting effect of the tax process.

### To Halt Depletion in Civilian Economy

I am certain that very few Americans are willing to watch this nation slip into a second-rate security position due to waste of vital national resources on the production of surplus destruction. Accordingly, I have made a preliminary analysis of the proposed military budget in order to estimate the cost of operating and maintaining present strategic and conventional forces, and to gauge the resources that could be released to renew the depleted sectors of civilian activity. The accompanying table indicates where cuts ought to be made from the proposed \$66.7 billion military budget.

Procurement	Proposed Budget	Possible Budget Reductions	
		(In \$ Billions)	
Procurement of equipment & missiles, Army	\$3.2	\$1.2	1-2
Procurement of equipment & missiles, Navy	2.6	2.3	2-3
Shipbuilding & conversion, Navy	2.3	1.2	1-2
Other procurement, Navy	-1.2	2.1	2-3
Aircraft procurement, Air Force	3.5	2.3	2-3
Missile procurement, Air Force	2.1	1.8	1-2
Other procurement, Air Force	1.0	0-1	
<b>Total</b>	<b>\$16.3</b>	<b>\$7.5-9.4</b>	
<b>Research, Development, Tests &amp; Evaluation</b>			
R & D, Tests and Evaluation, Army	\$1.4	\$1.0 - \$1.7	
R & D, Tests and Evaluation, Navy	1.5	.8 - 1.3	
R & D, Tests and Evaluation, Air Force	3.6	3.4 - 3.6	
R & D, etc., Defense Agencies	.4	.4 - .4	
Emergency Fund, Defense	.15	.15 - .15	
<b>Total</b>	<b>\$7.05</b>	<b>\$5.95 - \$6.65</b>	
<b>Atomic Energy Commission</b>			
Atomic Energy Commission	\$2.0	\$2.0 - \$2.0	
Military Assistance	1.5	1.0 - 1.0	
Miscellaneous	2.0	1.0 - 2.0	
<b>GRAND TOTAL (In Billions)</b>	<b>\$29.75</b>	<b>\$16.45-\$25.55</b>	

Note: This article is a development of the Report, "A Strategy For American Security", ed. Seymour Melman (April, 1963). The Report is available from Lee Services, Inc., 40 E. 21, New York 10, N.Y. (.50¢ ea. prepaid, bulk rates on request.)

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