

Final Report

READ (Program of Research on Eco. Adjustments to Disarmaments, sponsored by Center for Research on Conflict Resolution, U of M, sponsored by grants from Ford Foundation, Christopher Reynolds Foundation, AFL-CIO, inst. for Int. Order. Outgrowth of Societ of Friends, economists associated with AEA

1) "The World War Ind. as an Eco. Problem" by Kenneth E. Boulding  
annual expenditure estimated bet. \$100 & \$120 bln. annually  
or equal tototal income of poorer half of mankind 1 bln. human beings earning under \$100 a year.  
BUT WHEN IT COMES TO RICH COUNTRIES it is only 10% of gross world product. US & USSR bet. them acct. for 2/3rds & all rest of world 1/3rd. NILORG (mil.org.)  
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2) The Disarmament Model by Emile Benoit

US 1960 \$45.2 bln. for "security & associated programs"  
US 1965 \$56.1 bln. (RD: this must be "estimate" since it is as "nothing" at present budget & it must have started rising 1965 with Vietnam)

5) "Input-Output Analysis of Disarmament Impacts" by Wassily W. Leontief & Marvin Hoffenberg

p. 89 "The fed. gov. of the US has been spending somewhat more than \$40 bn. per yr. on maintenance of the mil. est. & the procurement of arms. These outlays have absorbed about 10% of the gross nat. product. & they have exceeded by several bln. \$ the COMBINED NET ANNUAL INVESTMENT in mfg., service industries, transp. & agric."

p. 90 "There would be no problem if the gds/that are listed in the typical procurement order from the US Air Force missile base at Cape Canaveral also made up the shopping list of the av. hswife. It would be merely a ques. of maintaining the total level of demand during the transition per."

8) "Monetary & Fiscal Adjustments to Disarmament" by Warren Smith

11) "Measures to Deal with Labor Displacement in Disarmament" by Adolf Sturmthal (pp. 182-202)

14) Dev. Aid. & Disarmament by Wilson E. Schmidt, pp. 246-268

Conclusion 15. ECO. ADJUSTMENTS TO DISARMAMENT by Emile Benoit, pp. 271

p. 274: "Moreover, would even as successful an adjustment to defense cuts as was achieved after the Korean War be satisfactory in connection with a future disarmament? The disturbing aspect of the eco. adjustment to the post-Korean defense cuts was the IND. SLOWDOWN. Ind. output, which had risen 7.6% per yr. from 1951-1953, rose only (2.6% a yr. from 1953 to 1963). UNEMPL. ROSE FROM 3% to a post-Korean av. of (5.4%)"

Bet. 2nd quarter of '53 & last quar. of '54 not only did defense expenditures drop \$12.1 bln. but non-defense expenditure were cut by 1/3rd in 3 yrs. "Fed. expenditures (on income & proeuct acct. from '54-'57 inc. averaged \$5.2 bln. annually below the '53 level.

REAL INVESTMENT IN PRODUCERS' DURABLE EQUIPMENT FROM 1958-1961 DROPPED 16% below the 1956 level.

p. 289: "The heart of the problem is in the aerospace-nucleonics-electronics complex, which now accts. for roughly 4/5ths of all procurement & R&D. It is clear that this immense ind. empire has no normal civilian demand in prospect for any substantial fraction of its potential output, & no easy way to convert to prod. of standard commercial items without losing much of its unique capability. IN SHARP CONTRAST TO DEFENSE IND. IN WW II & even in the Korean War, this industrial complex has grown up in PERMANENT DEFENSE PROD. ENVIRONMENT."

Appendix 15) The Burden of Nat. Defense, 1958 in mlns. of \$  
world total \$114,650 mlns/ which is 9.4% of gross nat. product  
while ind. vt. enterprise economies were \$60,289 mln. or 8% of total  
of which US was 45,504 mln. or 10.2%  
while USSR was 45,000 mln. or 20%

*So primary*  
*to give him a state plane - but WE accepting it =*  
*eye for eye, then accepting*

12991

Massally Leontief & Marvin Hoffenberg

in judging "Input-Output Analysis of Disarmament Impacts  
(INDUSARMAMENT & TE ECO. 1963) write 'p. 89' "The Fed. Gov of the  
US has been spending somewhat more than \$40 bln. per yr. on maintenance  
of mil. es. & the procurement of arms. These outlays have absorbed  
about 10% of the gross nat. product & they have exceeded by several  
bln. THE COMBINED NET ANNUAL INV. in mfg., service ind., transp. & agric.

Emile Benoit, in his concl., then shows slowdown that followed end  
of Korean war. "Ind. output which had risen 6% from 1951-53  
rose only 2.6% a yr. from 1953-1963 while empl. rose

Moreover real inv. in producers durable equipment from 1958-  
DROPPED 16% below the 1956 level.

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PM summarizing & class. angling S. Kuznets's CAPITAL IN THE  
AM. ECO. (1961)

bet. 1929 to 1957 prod. quadrupled, Govt. expenditures 10-fold  
from \$10.2 bln. in 1929 to \$110.1 bln

acc. cap. is so immense relative to labor it employs  
that it represents r of p. as compared to W.E., which is  
why it went to Europe/

Destruction caused by war allowed

for new per. of capital expansion

acc. of cap. is a  
concentration & central process

it enriched, industrialized, etc. only a small part of

world. or, put different, acc. of cap. & its concentration

HINDERS CAP. DEV. OF WORLD PROD.

(from IS, Spr. '57 but based on UN 1962 study of Eco. & Social  
consequences of disarmament--showed \$120 bln. was  
being spent annually on military acct.--some 9% of world's

output of all goods & services--equal to no less than 2/3rd &  
even entire nat. income of all backward countries. Moreover  
arms expenditure corresponded to about 1/2 of gross cap. format  
throughout world

*III. With in  
the military  
spending is not  
for military  
but for  
the military  
the military  
the military  
the military  
the military  
the military*

*II. But once  
it could not  
be released  
from military  
to military  
even before  
was there  
the military*

*Key 1*

*ALT.*  
*Acc. of cap. is not a simple  
phenomenon. Quite on contrary  
because it is concentration  
It can exist only a small part  
of the world. This is true not only  
for the industrial countries, but  
also for the developing countries. On the face of it, it seems  
to be a simple phenomenon, but it is not.*

*to give him a state plane - but WE accepting it = eye for eye, then accepting*

Eco. Growth in the West by Angus Maddison, 20th c. Fund, NY, 1964

15-Introd. Comparative Experience in Europe & No. Am. "In continental Europe the eco. achievements of the 1950s were unprecedented; by contrast with the continent, the economies of No. Am. seemed to stand still."

p. 25, Ch. 1, sentence 1. "In continental Europe the decade of the 1950s was brilliant, with growth of output & consumption, productivity, investment & employment surpassing any recorded in his experience, & in rhythm of dev. virtually uninterrupted by recession."

Ch. 4 "The Role of Gov. in Promoting Growth", p. 99: "Government has assumed so imp. a role in the process that its own operations largely determine the gen. eco. momentum, & what appears as the business cycle nowadays is really a reflection of phases in govt. policy."

Ch. V - Int. Environment - p. 159 table on Structure of World Eco. in 1960 p. 160:

Salfo Guy is trying to prove that despite the fact that "the eco. of the US is as large as that of the whole of ind. Europe it doesn't carry the weight it appears to carry. US is not dominant in bilateral trade bet. Europe & US". European exports to US is only about 8% of Europe's total exports & while Europe takes a quarter of US exports only about 1.1% US GNP., that the US aid & loan to Europe, 1946-58 was \$25 bil., the pattern has changed completely since 1958, since it is receiving repayment for Marshall Plan, but has to admit (p. 161) "On the other hand, US pvt. capital has been increasingly drawn to Europe... US cap. has become responsive to the higher interest rates & profits." "The role of the US is greatest as a capital exporter, as the major reserve currency & the biggest single producer of many raw materials & agric. products."

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S-C IN THE ECO. OF THE US by Paul K. Crosser, Bookman, NY, 1960

Ch. 1 - Introd: The Battle of Ideas speaks of Sismondi as one who witnesses 1st ind. depression in Europe & was "1st advocate of s-c for an ind. society & eco., not Rebutant: Initiation of Fiscal Funds: American S-C in Substance"

p/27: "The impact of the use of tax income for the financing of pvt. enterprise... The tax money poured annually since the end of WW II into pvt. ind., that is, defense ~~SSSSSSSS~~ is about equal to the amt. of net cap. formation in all US ind., as represented by the rate of US annual ind. prod."

The same "subsidization" goes on for next 3 chs., for agric., for commerce, etc then business protectionism & labor "protectionism."

Ch. 8, final ch., 4 pl., Social\*Eco. Aspects of a Nonauthoritarian S-C