

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, nat. 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.)

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" to 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. h.wife. 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 U.S. SLOWDOWN. Ind. output, which had risen 6.4%

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 & product acct. from '54-'57 inc. averaged \$5.2 bln. a
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 CON-
TRAST 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%

Massily 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.

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 repre. 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 f Eco. & Social consequences of disarmament--showed \$120 bln. was

being spent annually on military acct.--some 9% of world's

output of all goods & serves--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. formatb

thruout world

Handwritten notes on the left margin: "The US... is not..."

Handwritten notes on the left margin: "But once... it could not..."

Handwritten circled note: "Kuznets"

Large handwritten note: "ALT. Acc. of cap is not a simple..."

Vertical handwritten note on the right margin: "The... of the..."

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 is nowadays merely a reflection of changes 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 & ext. loans 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."

Handwritten notes in a circle: "Manually by Salfo Guy 1990-1991"

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 - institution 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., 4pl., Social*Eco. Aspects of a Nonauthoritarian S-C