

Readying Conversion

By Seymour Melman

SOUTH WELFLEET, Mass. — If the Democrats or Republicans tried to freeze the arms race, they would find economic roadblocks in the way. A path around the roadblocks is available. It should be a central focus in the Presidential campaign.

A mutual halt in the production of nuclear weapons, with their attendant planes and missiles, would cancel 300,000 American jobs and cut the revenues and profits of several hundred major firms. Similar disruption could be expected in the Soviet economy.

Both nations' Governments have influential interest groups that routinely fight any moves to diminish centralized managerial control over military industry. They oppose any planning for conversion from a military to a civilian economy. They can be expected to marshal fears of economic loss among the privileged occupations of military industry. Such fears are aroused by the prospect of reversing the arms race, especially with no concrete plans to replace military with civilian production.

These barriers to arms reduction reflect a failure in both countries to plan for conversion of military indus-

try, bases and laboratories. Until now, the conversion factor has been bypassed in domestic and international discussions of disarmament and arms control. The common litany is that attention to economic repercussions should follow political agreement. But this ignores the political consequences of economic fears and the one- to two-year lead time needed for conversion planning.

In the last two years, an increasing number of politically concerned Westerners, including many unionists, have become concerned about the issue. A conference on economic conversion, at Boston College in June, drew 700 participants from America, Western Europe and Japan.

A United States-Soviet process for addressing economic conversion problems was set in motion last month by a symposium in Moscow on conversion from a military to a civilian economy. Sponsored by the American Council of Learned Societies and the Soviet Academy of Sciences, 10 American and 10 Soviet economists and engineers exchanged ideas on a series of topics including: requirements for converting management and factories; centralization versus

decentralization for planning economic (especially industrial) conversion; problems of planning and scheduling large new civilian capital investments; occupational retraining for military-industry managers, engineers and production workers; conversion of military research and development; and the consequences of conversion for productivity.

The symposium had to confront ideological barriers spawned by conventional wisdom. For example: No conversion planning is needed since the market (or the State Planning Committee) can handle all necessary adjustments; there is no important conversion issue because the military uses only a small part of the total labor force (but a large proportion of engineers and scientists); military goods are only a small part of all money-valued goods (but a large part of capital resources); military industry's managers and engineers are like those in civilian enterprise.

While such preconceptions were not altogether overcome, some mutual understanding was reached. It was illuminating to learn that when several firms that serve the Soviet military made washing machines, their prod-

ucts cost twice as much as the same product from normal suppliers. Again, oblivious to market conditions, a group of Soviet weapons producers all chose to make the same civilian glass product and flooded a regional market. When we compare this with the well-known characteristics of American military industry, it is plain that a trained incompetence to perform soundly in the civilian economy is not a Western monopoly but a common property of military economies whose personnel have not been occupationally re-educated.

Neither Government has any official who is responsible for conversion planning. But in Congress, far-sighted members have proposed laws to institutionalize this function. The latest bill, sponsored by Representative Ted Weiss, Democrat of New York, would mandate alternative use committees in every factory, laboratory and base that serves the military. The resulting blueprints for civilian use of people and facilities would make reversal of the arms race an economic opportunity rather than a penalty. A Russian translation of the bill was distributed at the symposium (whose co-chairmen were Dr. Ivan Ivanov, deputy director of the Institute of World Economy and International Relations, and I).

If the Democrats or Republicans wish to offer a new route out of the war-peace rut, they will have to address the conversion factor.

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