

New York's Pentagon 'Surplus'

By SEYMOUR MELMAN

There is a fresh opportunity for transforming "new priorities" from a political cliché into workable reality. In place of the Administration's new money request of \$85.4 billion for the Pentagon, Senator George McGovern has formulated an alternative defense budget requiring 35 per cent less money, or \$54.8 billion. If Americans opt for prudent defense rather than Mr. Nixon's planning for a nuclear war plus two conventional wars at the same time, New York and other cities could benefit from the smaller Pentagon allotment.

There are several alternative defense budgets: from the Urban Coalition, the Brookings Institution, the Coalition on National Priorities and various individuals. The one formulated by Senator McGovern represents that of a viable Presidential candidate and therefore is worth examining.

In brief, his 35 per cent savings would be effected by cutting down part of the nuclear overkill (to deter, it isn't necessary to be able to kill thirty times over), by paring down overseas U.S. contingents in Europe and Asia, by ending the Indochina war, by reducing down overstaffed senior officer contingents, etc. I regard the McGovern alternative as a moderate move in the right direction.

But what does this mean in state and city terms? The case of New York City is to the point. This metropolis is a candidate for basic economic development. The infrastructure—power, communication and transportation—is in disrepair. The housing stock is decaying, and basic public services, like waste disposal, require immense investments. But the city and state budgets are already hopelessly overtaxed. The alternative defense budget opens up fresh opportunities for securing capital funds on a scale that is appropriate to the public responsibility needs of New York City, and for putting to work all or virtually all of the presently unemployed.

If New York State will pay the same proportion of Federal revenues as in recent years, then its citizens will av-

Cities could benefit from a smaller defense budget

erage \$1,400 in personal and business taxes to the Federal Government in 1973. Of that amount the Nixon budget will use \$640 for the Pentagon. By contrast, the McGovern budget would require 35 per cent less, or a saving of \$230 for each resident of this city. Allowing for 7.8 million city residents, the implied saving would be \$1.8 billion. If one adds to this the effect of McGovern's tax reform proposals, then an additional \$1 billion of equivalent Federal revenue is gained for the city

residents. Assuming that the city could share in these funds on an equitable basis with the rest of the nation, then an annual capital fund of \$2.8 billion could conceivably become available for public responsibility investment in New York City.

Assuming \$10,000 as the cost of an average man-year of work, then the expenditure of this annual amount would translate to new employment prospects for 280,000 people. While some of this money would represent terminated military work, this estimate is conservative in not accounting for the necessarily larger multiplier effect which obtains for civilian productive as against economically non-productive military employment.

For New York State, the McGovern alternative defense budget would free about \$4,200,000,000 for other uses. Similar effects for other states include (in \$ millions): Mass., 1,150; Conn., 770; N. J., 1,530; Pa., 2,130; Ohio, 1,930; Ill., 2,420; Mich., 1,740; Tex., 1,620; Calif., 4,930. Again New York State has a special stake in a move toward productive priorities.

During 1965-1967 (last available data), New York State paid out to the Federal Government an annual average of \$7,453 millions more in taxes than was federally expended here. By contrast several states received rather more than their total Federal tax payments: California, \$2,293 millions; Virginia, \$1,307 millions; Texas, \$1,004 millions. These are states with heavy concentrations of military bases and industry.

New priorities in the use of money imply a need to change jobs for many Americans who have been working directly or indirectly for the Pentagon. The changeover can be made into an opportunity rather than a penalty for these people with plausible occupational conversion programs. This can include income support for a year, payment for occupational re-education, an allowance for family relocation and health insurance to guard against medical catastrophe.

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