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# USSR Report

USA: ECONOMICS, POLITICS, IDEOLOGY

No 8, AUGUST 1986

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USSR REPORT

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No 8, Aug 1986

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## 'CONSERVATIVE WAVE' IN U.S. POLITICS ASSESSED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 86 (signed to press 17 Jul 86) pp 3-15

[Article by A. Yu. Melvil: "The 'Conservative Wave' Now and in the Future"]

[Text] Six years since the start of the "Reagan revolution" is sufficient time for evaluating the results of the activity of the conservatives and the influence they have exerted on the ideological-political situation in American society and the evolution of conservatism itself. Quite recently even the conservatives who had assumed office in Washington were contemplating the start of their "thousand-year reign" and predicting a lasting shift to the right in the United States. However, there are few people today speaking about their triumphal march.

The conservatives hoped to win the unanimous support of public opinion. Have they been successful? They spoke of unity in their ranks as a prerequisite for the success of the "conservative experiment" which they had initiated. What is happening today in American conservatism itself? Finally, have the strategists of the "conservative wave" succeeded in turning a new page in American history or will Reaganism be remembered merely as a deviation from the traditional paths of the development of American society and American policy?

### The Political Climate and Americans' Mood

A cardinal question which has been discussed with increasing frequency in the United States recently is connected not so much with the present state as with the future of American conservatism. Both many ordinary Americans and well-known specialists are asking outright: Will Reaganism long survive Reagan himself?

Uncertainty remains in the political climate and in Americans' mood. On the one hand, the conservatives are seemingly on firm ground--they have largely succeeded in changing the agenda in the United States and giving a new lead and new parameters to the economic, political and ideological debate. But, on the other, there is no tacit assent to their policy in the country, and skepticism in respect of the fundamental economic, sociopolitical and ideological prescriptions of Reaganism is on the increase. The main thing, however, is

that there are no signs of the stable consolidation of the new conservative consensus (unanimity) in public opinion on which even recently the Reaganites were placing their hopes.

Americans' mood in recent years not only has not "moved right" and has not become more uniform, but, on the contrary, has demonstrated even greater contradictoriness and variety of focus. Truly, according to public opinion polls, President Reagan retains quite a high degree of personal popularity in the minds of Americans. However, Americans assess specific directions of his policy variously. For example, they believe that the President has strengthened the country's defense capability, but at the same time they are withholding support for Reagan's social policy and criticizing administration policy in the sphere of budget cuts for social spending and such.

The polls record a quite perceptible growth of optimism in respect of both one's personal future and the future of the whole country. Thus, whereas in 1979-1980 approximately 20 percent were "optimists," roughly 70 percent were such in 1984-1985.<sup>1</sup> This optimism is explained to a considerable extent by the corrected economic conditions, the affectedly optimistic rhetoric of Reagan himself and the general perception of him as a "successful President." However, does this attest to mass support for Reagan's "conservative revolution"?

By no means. There has been only a very negligible change in Americans' party sympathies. Thus, in 1981 some 48 percent of Americans called themselves Democrats, and 40 percent Republicans. The figures now are 46 and 42 percent respectively.<sup>2</sup> Therefore, conservatives' hopes for the formation of a "new Republican majority" destined to continue the Reagan policy in the future also are completely unsupported. In addition, there has been virtually no change in the years of the "conservative wave" in the number of Americans who consider themselves conservatives. On this basis, L. Harris, an authoritative researcher of public opinion in the United States, draws a conclusion as to the "philosophical stability" of the views of Americans, most of whom are, as before, centrist. The comparative data of the following polls (percentages) testify to this:<sup>3</sup>

<u>Categories</u>	<u>1968</u>	<u>1975</u>	<u>1985</u>
Conservatives	42	34	37
Centrists	35	39	42
Liberals	19	22	21

As can be seen, the supporters of the proposition concerning a radical "shift to the right" in American public opinion are manifestly engaging in wishful thinking. The real dynamics of mass consciousness refute the conservatives' calculations of a long-term turn to the right in views and sentiments. Rather, on the contrary, in the time of the Reagan presidency there have even been signs of a shift to the center in comparison to the early 1980's. "The country seems more centrist today than when Reagan assumed office,"<sup>4</sup> the well-known commentator D. Gergen observes. Of course, in speaking of this we must consider that the very political and ideological content of the categories of

"conservatism," "liberalism" and "centrism" is changing and acquiring a new resonance. However, public opinion as a whole is not becoming even more conservative but is remaining centrist.

A certain increased trust in government may be attributed to the important shifts in the public mood in the time of the Reagan administration's term in office. Thus, in the mid-1980's some 45 percent of Americans felt a "high degree of trust" in their government, 51 percent a "low degree of trust"; at the start of the 1980's the figures were 25 and 69 percent respectively.<sup>5</sup>

There is nothing surprising in this inasmuch as the data of old public opinion studies in the United States show a direct dependence between the economic situation in the country and the level of trust in government. It was precisely the certain improvement in the economic situation in the United States in the first half of the 1980's which led to Americans' increased trust--primarily in the White House and Congress. Furthermore, the increased trust also reflected the Reagan administration's skillful exploitation of the theme of nationalism, the tendency to "rally round the flag" and so forth. But at the same time the degree of trust in the main social institutions (primarily big private business) is practically unchanged and remains considerably below the level on the eve and at the outset of the 1970's.

And this is a paradoxical situation in a way, insofar as the entire Reagan policy has been oriented toward strengthening the authority of the private sector and weakening the public sector. However, Americans' trust in the private sector has not actually grown in the least, although their trust in government has increased. And this, in turn, is contrary to the traditional conservative credo, the basis of which is criticism of "big government."

An erosion of the former support for many specific directions of Reagan's policy has recently also been observed distinctly. Thus, when the conservatives took office in Washington, sentiments in support of a reduction in social spending were quite strong in public opinion--to a considerable extent because the majority of Americans considered government spending excessive altogether. However, there has been a pronounced weakening of these sentiments today: Whereas in 1982 some 45 percent of those polled supported cuts in social spending (51 percent opposed), in 1985 they constituted only 33 percent (66 percent opposed). Sentiments against cuts in spending on social security programs geared primarily to broad strata of the population (and not the poorest strata frequently associated with lumpen) are particularly strong here--support for them remains at a steady 70- to 80-percent level.<sup>6</sup> Thus, the majority of Americans consider the cuts which have been made sufficient and do not wish to see them continued, which is manifestly at variance with the ideas of conservatives.

Most Americans do not support the Reaganites' position on social issues--but for the latter it is largely a kind of "litmus test" by which they define a "true conservative." The main success on the conservative agenda on these issues may be considered merely the growth of the number of Americans who approve the death sentence for convicted killers. On practically all other social issues the views of Americans are contradictory. Thus a substantial



majority is in favor in principle of allowing voluntary prayer in schools, but this passive support is in no way expressed in any kind of specific and organized actions of a mass nature whatever. Public support for a constitutional amendment concerning equal rights for women is, as before, high, but Americans have no desire to change, as the conservatives demand, current legislation pertaining to a number of other social issues.

But virtually the most dramatic change in Americans' mood in the 1980's is connected with the dynamics of their attitude toward military spending: Support for a policy of an increase in military spending is falling sharply. Thus, whereas in 1981 some 61 percent of Americans supported an increase therein (7 percent against), the figure was only 16 percent in 1985 (30 percent against).<sup>7</sup> Thus, here also the policy of Reaganism has paradoxically had the opposite effect: The more resources have been invested for military purposes, the less new military spending Americans have wanted.

These dynamics are connected not least also with the change in Americans' perception of the correlation of forces between the USSR and the United States. There has been an almost twofold decline (from 41 percent to 22 percent) in the past 5 years in the number of Americans experiencing a feeling of fear in the face of the "Soviet threat," believing that the USSR is "stronger than the United States" and supporting Reagan's program for a "revival of the might" of America. There has been a reduction from 31 percent to 19 percent in the number of persons polled who support the conservatives' calls for military superiority over the USSR. There are growing fears that the policy of the Reagan administration is increasing the threat of war. The strengthening of the feeling of the United States' military power, stimulated not least by the growth of military spending, is also increasing in public opinion sentiments in support of the achievement of accords with the USSR on arms limitation and reduction (this support has recently remained at a level of around 70 percent).<sup>8</sup>

The profoundly contradictory attitude of the public at large toward Reagan's "Star Wars" program also testifies that complete unanimity around conservative ideology and policy has not taken shape in the mass consciousness. Most Americans support in principle the idea of "defense" against nuclear weapons itself at the present time. This has been brought about to a considerable extent by the fact that they have lost faith in the effectiveness and morality of a policy of "deterrence" based on "nuclear intimidation" (these sentiments are demonstrated with all certainty by 55 percent of all the persons polled); they believe that the continuation of the present "balance of terror" policy could ultimately lead accidentally to a nuclear war, in the course of which all of civilization would perish (so 81 percent of Americans believe).<sup>9</sup> At the same time, the same Americans doubt that Reagan's "Star Wars" program will afford more reliable "defense" against nuclear weapons (56 percent are opposed to the implementation of the SDI).<sup>10</sup> The majority by no means connects hopes of greater personal security with the prospect of implementation of the SDI (only 25 percent of those polled declared that they would in this case personally feel more secure).<sup>11</sup>

The polls show that Americans are clearly aware that the SDI will not be a completely effective "shield"; they are manifestly not sure whether it is

worth the gigantic resources that are to be spent on it; they recognize that the creation of such a system will be perceived in the USSR as a direct threat to its own security and are sure that it will implement retaliatory measures and that, as a result, the arms race and the world situation will become even more dangerous. Thus, conservatives have been unable to win the firm support of public opinion on the "Star Wars" issue also.

In a word, there is much that indicates that having taken possession of Washington and seeing how the liberals had switched to a vague defense, the conservatives overestimated the potential support for the "conservative wave" on the part of the majority of the population. The predominant mood among Americans is contradictory: On the one hand, they are not enraptured at the prospect of a continuation of the "Reagan revolution" but, on the other, they would not want a return to the pre-Reagan America. The result is a sense of a kind of standstill or period of stagnation.

Opinion polls show clearly that Americans support neither a further tilt in the direction of the "free market," a winding down of social programs, nor a continued increase in military spending. "Most Americans remain more liberal than the President on questions of the economy, defense, foreign policy and social life,"<sup>12</sup> S. Lipset, the well-known researcher of public opinion, sums up. Furthermore, a feeling that the key economic, social and political problems of the immediate future, even of the end of the 1980's and the 1990's, will require a departure from the prescriptions advanced by the conservatives, has begun to grow in the mass consciousness. In particular, not only on the left but also on the right flank of the political spectrum there is a gradual understanding of the objective need for an active federal role and an increase, and not diminution, in federal intervention for the solution of new problems not subject to the "free market."

And even while having succumbed to the chauvinistic intoxication, Americans--sometimes even instinctively--recall the lessons of Vietnam and fear the serious foreign policy adventures into which the Reagan administration might pull them. It is indicative, for example, that although many Americans supported the armed aggression against Libya, almost half of those polled declared that such reprisals would only lead to a further growth of terrorism and a dangerous exacerbation of tension.

When the Reagan administration entered the White House for the first time, many Americans were inclined to believe that the conservatives had succeeded in at least grasping the actual problems confronting present-day America and, given the absence of any effective liberal alternative, proposing their methods of solving them. Today, however, different sentiments are maturing in the mass consciousness--an impression that the "Reagan experiment" has by no means turned a new page in American history but has been rather an interlude and a bow in the direction of inevitable future changes whose contours are as yet unclear to the public.

Whatever the case, the "conservative wave" today is not based on any lasting support of public opinion. It would seem rather that it has reflected, in a certain sense, the rough waters on the surface of the mass consciousness

while its deep-lying currents are moving in a different direction, which, although not defined with all clarity, is manifestly not headed toward the right.

#### Division in the Conservative Camp

Changes and new trends have come to light in conservatism itself also. It is not simply a change of scene--the changes have been born, to a considerable extent, of the inevitable clash of conservative ideology and political reality.

Although the conservatives who took office in Washington in 1981 had never previously appeared as a monolithic movement, today the centrifugal forces in the camp of the theorists and practical experts of the "conservative wave" have begun to manifest themselves even more strongly. "The conservatives themselves are divided. Many businessmen and Republican politicians are now just as oriented toward an active role for the state as Democratic politicians,"<sup>13</sup> K. Phillips observes. The split in the conservative camp is largely a reaction to the trends in public opinion unfavorable to it. This reaction is expressed on the one hand in a clearly traceable tendency toward a radically ideologized conservatism disposed to extremes and excesses and, on the other, in a manifest strengthening of moderate pragmatic trends in modern conservatism.

Thus, in the general channel of the "conservative wave," a tilt in the ultra-right direction continues, and the radical wing of "ideologists" who adhere blindly to their own conservative credo and who are prepared for all political extremes for the sake thereof is growing stronger. And it is not only a matter of the positions and influence today of the ultra-right flank in the administration itself (C. Weinberger, R. Perle, P. Buchanan, E. Meese, W. Casey and others). It is also a question of a tilt to the right in political-academic circles, among not so much political experts as theorists, including so-called neoconservatives, who have laid claim to the role of intellectual mentors of the Reagan administration (these are ideologists such as N. Podhoretz, I. Kristol, M. Decker, J. Kirkpatrick, M. Novak and others).

These neoconservatives who have swung to the right today occupy positions to a large extent further right even than the administration itself and criticize it from the right, openly linking up here with the "New Right" (it is no accident that I. Kristol considers himself the teacher of the ultra-right Congressman J. Kemp, who does not conceal his presidential ambitions). Various factors caused this swing to the right in the neoconservative camp; the further tilt to the right is explained for some neoconservatives by blind adherence to the ideological credo of conservatism and an unwillingness to take account of the imperatives of actual politics. For others, the further movement to the right has been a kind of personal revenge on the administration after they had been unable to obtain the high positions in the first echelon therein to which they had laid claim.

This right wing has recently been endeavoring with increasing persistence to usurp the entire neoconservative current and squeeze out and cast overboard the more moderate figures. A trend has also been seen toward so expanded an

interpretation of neoconservatism that it is beginning to also accommodate the ideas of the radical right and programs counterposed to conservatism in the traditional mold. Attempts are being made here to attribute the "success" of the Reagan administration precisely to neoconservatism: "To the extent to which Reagan is currently perceived as a successful President, he is obliged for this to his adherence to neoconservatism and not traditional conservatism,"<sup>14</sup> I. Kristol, for example, declares. The radicals among the conservatives have been openly demanding, particularly in connection with the Geneva meeting, that "Reagan be Reagan" and that he make no concessions in the name of political pragmatism and to the detriment of ideological purism. They say that their main task now is compelling the administration to abide by its own principles and promises and preserve the purity of conservative ideology.

However, conservative ideology itself is acquiring under their pens manifestly simplistic radical-right outlines. There has been a pronounced decline in its theoretical level also; although the neoconservatives are engaged in persistent self-publicity, declaring that they have imparted new intellectual life to American conservatism, in reality they have in recent years been unable to boast essentially of a single book or concept which has had any kind of resonance in academic circles. They are confined basically to rehashing old ideas. And this is not, of course, a sign of the viability of a political and ideological current and the "conservative wave" as a whole.

It would seem that the ideologists of the "conservative wave" have no new ideas or any definite program even for the Reagan administration's second term--not to mention the post-Reagan period. At the start of the 1980's their main priority was domestic policy, the economy. Now all of this has been pushed down the list of priorities somewhere on a tertiary level, and calculations are being built basically merely on "success" in the sphere of foreign policy, a foreign policy which has been openly ideologized, furthermore, making not "defense," but "victory," the cornerstone, and openly flexing its "muscles" to satisfy national vanity. The "success" of such a foreign policy is very, very problematical. As a result, the impression is taking shape that the conservative agenda is largely already exhausted and that the "conservative wave" itself has lost its former impetus to a certain extent and is at times beginning to even peter out.

Although the conservatives' ideas and phraseology are being absorbed by the mass consciousness to some extent here, they are being emasculated. As a result, America has begun to speak in the conservatives' language on a number of issues, but the very content of conservative ideology is being eroded, as it were. In a word, the intrinsic resources of the conservative "ideologists" are manifestly not unlimited. And this is understandable: After all, the blind nostalgic adherence to an ideological credo is hampering the formulation of effective prescriptions and approaches for the solution of the problems of modern society and international relations. And this means that the "conservative wave" strategists are inadequately prepared to meet the problems of the future also, which will naturally be even more complex than today's.

There is a growing perception in the public mind that the conservatives have manifestly gone too far to the right and have divorced themselves from the

mainstream of American politics. For this reason, in particular, as soon as the euphoria of their first victories had passed, the old unsolved problems began to have an increasingly telling ring for them. Even after 5 years of the conservatives in office, a spirit of discontent and criticism directed at the "domination of the liberals" can be heard in their rhetoric, as before.

"A liberal philosophy dominates the establishment, liberals are dominant everywhere, including big business and the unions, the mass media, the educational system, the entertainment business, the church and government. We conservatives remain outsiders, and for this reason it is our duty to persuade Americans and change their beliefs if we really wish to achieve the necessary changes,"<sup>15</sup> J. Watt, former secretary of the interior in the first Reagan administration and a representative of the most radical wing in modern conservatism, declares.

What are the reasons for these typically pre-Reagan "defensive" sentiments?

Many conservatives have now begun to say openly that they were insufficiently prepared for taking over the reins of government. "We found ourselves in the thick of events before we were ready. In the fall of 1980 the conservative movement was politically mature and relatively mature as far as its own political strategy was concerned; however, as far as personnel, people sharing the President's views and ready to make personal sacrifices for their sake, was concerned, our movement was relatively immature,"<sup>16</sup> acknowledges E. Feulner, president of the ultra-conservative Heritage Foundation, a "think tank" which has become an important supplier of ideas and personnel for the Reagan administration.

It was partly a matter here of the very process of coopting leaders of the conservative movement into the Reagan administration not proceeding smoothly: The administrative appointees from the conservative-right "think tanks" and organizations had hoped to obtain the highest posts, but were able to entrench themselves merely at the middle levels of power. Furthermore, many of them were soon forced to quit the administration--some for reasons of a personal nature, others owing to ideological quarrelsomeness. And, what is more, quarrelsomeness and intolerance of everything which differed just one iota from conservative orthodoxy were displayed within the conservative camp itself. A kind of "purge" mentality for the purpose of ascertaining the "true" conservatives and getting rid of "fellow travelers" became widespread: It became the custom among conservatives themselves to seek out one's "own people" and "others'." From this viewpoint, being "simply" a Republican and considering oneself "simply" a conservative was totally insufficient for being one of "ours." It was necessary to be not simply a conservative, but a "movement conservative." Participation in a particular extra-party ritual and activity in ultra-conservative organizations and groups exerting pressure from the right on the Reagan administration and the Republican Party as a whole came to be considered the most important criterion of being one of "ours."

This radical wing in American conservatism, which had swung to the right, believed that now was the very time to undertake the elaboration of a new

strategy for the future. The creation and consolidation of what P. Buchanan called a "conservative establishment" and "conservative elite," whose positions and prestige could not be shaken even after Reagan, is being advanced as a principal task. In fact, a tendency toward a closer linkage with the populist-right currents and the "New Right" is showing through behind the talk about a "conservative elite," which, in turn, is giving rise to the dissatisfaction of many traditional and moderate conservatives.

The most radical elements in the conservative camp are also attempting to implement certain irreversible measures for the purpose of the political and organizational consolidation of the shift to the right in the country. It is a question, in particular, of attempts to change certain legal provisions, undertake a revision of pre-Reagan legislation, primarily pertaining to a number of social issues, and also promote "ideological conservatives" to important life positions, particularly on the Supreme Court. Particular assertiveness in this field is being exhibited by E. Meese, at whose initiative discussion began recently on the clarification of the behests of the "Founding Fathers" and the constitutionality of the "excessively liberal" legislation of the 1960's and 1970's has come to be disputed. Within the channel of the same trend is the policy of torpedoing Soviet-American accords, such as the SALT II and ABM treaties.

Another important point in the activity of the conservatives who have swung to the right has come to be an emphasis on personnel policy and work on preparing new conservative personnel with special emphasis on youth. "The mandate given the new generation is the most important service of this administration,"<sup>17</sup> B. Pines, vice president of the Heritage Foundation, says plainly. The training of young conservative personnel is considered essential for ensuring that the influence of the "conservative revolution" be preserved in the post-Reagan era also.

Conservatives are today becoming particularly active on campuses, supporting traditional and creating new conservative youth organizations and stepping up the struggle for influence in the mass media, primarily those which are geared to a young audience. Together with this, new press organs are being created especially for propaganda work among youth. New conservative centers and foundations specially geared to work among young people (such as the Problems of Education Institute, the Leadership Institute, the Young America Foundation, the Charles Edison Foundation, the National Journalism Center and others) have appeared recently also. They render young conservative personnel financial, political and organizational support and facilitate their climb up the official ladder in government and private establishments. This activity of the conservatives is usually financed by many influential corporations and foundations (Heritage Foundation, the John M. Olin, Sarah Scafe, Smith Richardson foundations and others) and also influential representatives of private big business (J. Coors, W. Simon and others).

Inasmuch as contemporary American youth, despite the powerful propaganda indoctrination, is displaying no particular readiness to blindly follow the conservatives, the gamble is being made on the creation of the professional backbone of a conservative youth organization whose influence could be

reflected in the future. It is a question of a long-term program of ideological priming and propaganda indoctrination in a spirit of intolerance, including the publication of blacklists of professors and lecturers to be boycotted, politicians and public figures who should be criticized on every suitable occasion, "too liberal" establishments and organizations with which "true conservatives" should have nothing to do, and so forth. However, these efforts of the right wing in the conservative camp are as yet more reminiscent of activity in a vacuum--there is no trace of any kind of mass support for their actions.

On the other hand, a strengthening of the opposite--more pragmatic and centrist--trend even may be observed within modern American conservatism. This is not, of course, a renunciation of the fundamental tenets of conservative ideology, but rather a forced modification of position upon confrontation with political reality. To a certain extent, it is a reaction to the encroaching understanding that the devotees of the "conservative wave" will be unable to obtain more than they have already achieved and are for this reason compelled to adapt to the current situation. But the increased sentiments in favor of a more moderate pragmatic approach also reflect a reaction to the "over-ideologization" of the right wing in the conservative movement. On these grounds some observers are even expressing the opinion concerning the approach of an era of a new "end of ideology" and disenchantment with ideologization of any kind. This disenchantment today, as at the end of the 1960's, conceals contradictory trends, including an endeavor to dissociate oneself from the ideology of a "new cold war."

With reference to the Reagan administration itself, the talk about increased discord between its extreme right flank and the centrists frequently serves merely as a smokescreen under whose cover the old policy continues to be implemented with obsessive stubbornness. But whatever the case, in the sphere of theory and political thought these disagreements are becoming increasingly tangible.

Many influential theorists of American neoconservatism (D. Bell, N. Glazer, S. Lipset, R. Nisbet and others) have come to themselves, as it were, and have recognized whither their colleagues who have swung even more to the right in concert with the Reaganites are leading America. Both have been showered with reproaches on the part of the moderates, and criticism is being heard. The "moderate conservatives" have begun to criticize the "radicals" for their alliance with the "New Right," for blind complacency, for a proclivity for the manifest oversimplification of actual economic and political problems and for crude ideological intolerance. A target of their criticism has become the "Reagan doctrine" itself and the concept of an ideological "crusade" and the power neoglobalism which has been made the basis of the present Washington administration's foreign policy course.

The goal of "true conservatives"--as distinct from Reaganites--C. Layne, for example, asserts, should be a "new foreign policy synthesis which combines a realistic policy of selective deterrence with the assertion of conservative values within the country."<sup>18</sup> The extremes and excesses of Reaganism are declared not in keeping with the tradition of "true conservatism." Calls are

being heard for the abandonment of neoglobalist ambitions and a more realistic definition of America's "national interests" based on the traditional "balance of forces" and a winding down of foreign policy activity, particularly the United States' unrealistic ideological commitments on the world scene (such as the manifestly utopian and dangerous goal of "rolling back communism").

It is as yet difficult to say which of the two trends--radical-ideological or moderate-pragmatic--will prove the dominant one. It may be anticipated with sufficient probability that they will both be preserved in the evolution of modern American conservatism and will together determine the character of the "conservative wave" in the immediate future. At the same time, however, it is perfectly clear that the present split in the conservative camp is totally demolishing the Reaganites' hopes of a long-term and uniform shift to the right both in public opinion and in the ideological-political life of the United States as a whole.

#### Reaganism--Start or End of an Era?

Deprived of the privilege of permanent opposition and vengefully catching at every slip of the liberals, the conservatives who had assumed office in Washington were forced willy-nilly to submit their ideas and programs to the verdict of real politics. Reaganism itself had by this time become a target of very close critical attention and reassessment on the part of both its opponents on the left and the more moderate, pragmatic conservatives.

Having scrutinized Reaganism somewhat more closely, as it were, they observe that its admirers are manifestly failing to make ends meet and recording therein internal contradictions and increasing centrifugal forces. There is a growing tendency in the United States to idealize traditional American conservatism and separate Reaganism from it as a breach of this tradition. "Traditional conservatism is pessimistic, dispassionate and ironic. Reaganism is optimistic, concerned and completely without sophistication and depth,"<sup>19</sup> the liberal-left writer A. Wolfe observes. Inasmuch as Reaganism has proven to be a combination of mutually exclusive ideological components, there is an exacerbation in the Reagan coalition of the discord and tensions between the neo-conservatives and the traditional conservatives, between moderates and the "New Right," between religious fundamentalists and supporters of the "free market" and so forth.

Reaganism, in the words of a founder of the neoconservative current, D. Bell, represents "a very odd combination of contradictions. Mr. Reagan asserts the principle of authority in the moral sphere, but, as a political populist, assails the idea of authority as such.... Populist conservatism demands social control over the moral behavior of the individuals and at the same time insists on the removal of all social restrictions on private economic behavior. Mr. Reagan would like a strong state (based on powerful armed forces) in foreign policy and a weak state (virtually without social responsibility in the sphere of welfare) within the country. He recalls the Founding Fathers, this brilliant pleiad of intellectuals in American history, but at the same time his rhetoric and his attacks on liberalism are imbued



with an anti-intellectual spirit."<sup>20</sup> "It is very strange to see," R. Nisbet adds, "how the tag of conservatism has been employed so extensively in recent years with reference to the supporters of a more aggressive and interventionist policy and a huge military budget.... It is just as strange, literally absurd, to see how the banner of conservatism flutters over the evangelists. Evangelists' crusades to achieve moral and political ends have never attracted conservatives."<sup>21</sup>

Just a few years ago, few among the conservatives themselves, still flushed following the high point of the battle with the liberals, were sounding the alarm in connection with contradictions between incompatible components of Reaganism--they were all too much engrossed by the general surge of the "conservative wave," which was concealing for the time being the seriousness of the disagreements between individual components thereof. Calculations were also being built in all seriousness on the fact that a "new" American conservatism would emerge from the melting pot of Reaganism, which would correspond to the level of the tasks of the future agenda. However, it is becoming increasingly clear that Reaganism, despite the calculations and promises of its disciples, has not achieved any effective synthesis of all these highly different and contradictory rightwing conservative elements and currents.

As yet none of this, of course, threatens a prospect of an immediate explosion; a kind of stabilizing influence on the situation is being exerted by various factors, including the absence of a clearly developed liberal alternative. The contradictory Reagan coalition is also largely fastened together at the present stage, of course, by the personal authority and influence of the President. But even now the question arises: What will happen to it "after Reagan"? "In the short term 'conservatism' will undoubtedly remain the center of activity. However, its future is in question: How will 'conservatism' be able to continue to unite populists, Tories, libertarians, provincial 'middle Americans,' religious fundamentalists, farmers and supporters of the 'free market' philosophy? I am skeptical,"<sup>22</sup> the abovementioned K. Phillips admits.

We can perhaps agree with him here. There is every reason to believe that when the cementing effect of the "Reagan factor" comes to an end, this entire diversity of focus of forces and trends will make itself felt in full. The division in the conservative camp and the tension within the Reagan coalition, attracting it to different sides, are not only appreciably limiting the present resources and possibilities of the "conservative wave" but also making its future uncertain.

Today both in the mass consciousness and in political-academic circles of the United States, there is the increasingly widespread opinion that the Reagan administration was not the culmination of the entire conservative movement in modern America but merely a deviation from its mainstream. For today's America this is a quite surprising formulation of the issue. After all, just yesterday many people were speaking of Reaganism as the apogee of the "conservative renaissance," which was destined to rule for many decades. The formulation of the question is surprising, but noteworthy in the highest degree.

Many Americans today have begun to ask themselves: What if Reaganism has not opened up a new conservative era in America's ideological-political development but, on the contrary, portends the completion of the conservative cycle, which certainly did not begin with R. Reagan's election to the presidency in 1980? It is a question in this case of the theory of political-electoral cycles, which is popular in the United States, of the hypothesis according to which Democrats and Republicans are alternately dominant in American politics, giving way to one another. Following this logic, since the 1968 election, which brought victory for the Republicans, the latter have won four out of five presidential elections and by January 1989 will have controlled the White House for 16 of the 20 years which will have elapsed since the victory of R. Nixon (although Democrats dominated the Congress).

The "Carter episode" wedged into this period was brought about to a considerable extent by the singularities of the political and moral-psychological situation in the country following the defeat in Vietnam, the Watergate affair and other scandals and exposures which had largely discredited the preceding Republican administrations. It has been said repeatedly that R. Reagan's victory in 1980 largely reflected Americans' profound discontent with J. Carter personally and the activity of his administration and that this had initially caused such an intensive tilt to the right that the balance of political life had moved far beyond the framework of traditional Republicanism and had begun even to move "off the scale" and had swung toward the ultra-right.

What does the future hold for Reaganism? The idea is becoming increasingly prevalent among specialists, and the American public at large also, that Reaganism, as distinct from the assurances and promises of its prophets, was not the start of a "new conservative renaissance." Increasingly great influence in political and scholarly circles of the United States is being gained by the opinion that Reaganism is a kind of deviation and manifestation of the acute crisis processes in the development of American society and the public mind. "The Reagan years," the well-known commentator R. Reeves writes in this connection, "represent not so much a triumph of conservatism, new or old, or of the Republican Party, as a period of reassessment of the basic premises and prerequisites of American policy for the post-industrial era, the era following the New Deal, following the old liberalism."<sup>23</sup>

Of course, the somber rolling and roaring of the "conservative wave" are still highly audible and are being echoed in the explosions at the nuclear test ranges in Nevada and in the peaceful neighborhoods of Tripoli. And this is dangerous. After all, people starting to become aware of their disharmony with the future could be prepared to go to extremes.

So, this is a period of reassessment, a pause, a kind of stop en route, when the road ahead cannot as yet be seen. At the same time, while refuting the Reaganites' claims to have embarked on a long era of conservatism, it would evidently be a mistake to go to the opposite extreme. The "conservative wave," even if it has not succeeded in shifting all of America sharply and far to the right, cannot pass without a trace, without leaving behind some undecomposable residue. The United States and the American economy, politics and

ideology will not return to the stages of development which have been overcome--either within the country or in the sphere of international relations. The Reaganites' successors--whoever they are--will be forced to reckon with the legacy of the 1980's, especially since a considerable part of this legacy is connected not so much with subjective factors, not so much with conservative strategy, as with the objective and irreversible changes in American society itself and in the United States' position in the world.

Finally, many of the questions raised on the Reagan agenda are by no means merely the subjective offspring of the conservative consciousness. They reflect certain actual processes occurring in modern American society (as in a number of other developed countries also) and contain nothing intrinsically "conservative" in terms of their content. The inefficiency of unwieldy bureaucratic rule, the pandemic of the consumerism mentality, crisis phenomena in the sphere of morals, the rising crime rate, the disintegration of family life, the ethics of permissiveness, the social and psychological consequences of scientific and technical development--these and many other problems, which have been pointed out precisely by the conservatives, although they have been unable to propose effective solutions, will be bequeathed to all of their successors.

And, finally, the actual problems and difficulties which the United States is forced to confront today in domestic life and on the international scene are being reflected variously in the positions and approaches of different groupings of the ruling class. The CPSU Central Committee political report to the 27th party congress emphasizes "the serious danger of a further appreciable swing to the right of the politics and whole domestic atmosphere in certain capitalist countries."<sup>24</sup>

But counterposed to the increased aggressiveness of the most conservative imperialist forces today are other trends based on a more sober consideration of the actual situation both within the capitalist world and worldwide. After all, ultimately all historical experience--and not only American experience--teaches that conservatism has never been capable of proposing any effective or efficient solutions to the real problems of economics, politics and ideology. It is capable merely of putting off the inevitable choice of paths, although the price which will have to be paid for this could subsequently prove exorbitant.

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## U.S.-JAPAN: OUTLOOK FOR BILATERAL RELATIONS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 86 (signed to press 17 Jul 86) pp 27-38

[Article by A. I. Utkin]

[Text] Some regions are developing more slowly and losing influence while others are sprinting ahead rapidly. Above all, the relative importance of the Atlantic and Pacific aspects of U.S. foreign policy is now being assessed from a new standpoint. In the balance of power among the three centers of capitalism, the Japanese center has acquired more weight in the past decade while the West European center has lost power. Prospects of great importance from the standpoint of Washington's regional orientation are now being examined.

For almost the entire postwar period, up to the end of the 1970's, unconditional priority was assigned to Western Europe in any arrangement of U.S. relations with allies. This invariable orientation did not change until the 1980's. New objective realities forced, as it were, the American leadership to "remember" that "in the truest sense, Americans are a Pacific people just as much as an Atlantic nationality."<sup>1</sup> These words by President Reagan stressed the fact that the new objective circumstances changed the view of the future and signified that the center of dynamic development in the capitalist world, which was located in Western Europe and North America for a long time, had begun moving toward the Pacific basin at the end of the century.

### The Force Field Moves

This change in the view of the outside world reflected important processes taking place on the shores of the Pacific Ocean. The economic growth rates of the East Asian countries became the highest in the capitalist world in the last decades of the 20th century. In the 1960's the average annual increase in the GNP here was 7.7 percent, in the 1970's it was 8 percent, and the anticipated rate for the 1980's is 7.2 percent,<sup>2</sup> which is twice as high as the most optimistic forecasts for the United States and three times as high as for Western Europe. The entire region is growing along with the East Asian giant, Japan.

According to experts from Harvard and Princeton universities, Japan surpassed the U.S. technological level in 1974. By 1980 the number of inventions in

Japan surpassed the U.S. indicator by 83 percent and was almost four times as high as the indicator in the FRG.<sup>3</sup> Japan's share of world high technology exports increased from 13 percent in 1972 to 25 percent in 1985.<sup>4</sup> In the middle of 1985 Japan was producing three-fourths of all the videocassette recorders, optical instruments and motorcycles in the world, half of the ships, two-fifths of the television sets and one-third of the vehicle and computer components.<sup>5</sup>

According to reliable forecasts, the value of robots produced in Japan will rise from 375 million dollars in 1980 to 2 billion in 1990. Japan will be producing 70 percent of all the robots sold in the world. By the end of the 1980's Japanese firms are expected to enter the civil aviation market, which they have not conquered yet and which is now controlled by American firms. They have already begun working with Boeing in fuselage production and with Rolls Royce (England) in engine production. If the "aviation" offensive turns out as planned by the Japanese, it will be one of the decisive phases of the Pacific giant's technological assault on the United States and Western Europe. The United States has already lost battles to Japan in such spheres as shipbuilding, household electronics, the automotive industry and ferrous metallurgy, as well as in high technology industries, primarily the markets for integral circuits, equipment for microelectronics and industrial equipment with numerical control.

The East Asian center of capitalism is exerting a magnetic pull on the largest economy of the capitalist world, the American economy. At the beginning of the 1980's the volume of trade crossing the Pacific Ocean surpassed the volume of transatlantic trade. American imports from Pacific countries surpassed imports from Europe. The Asian Pacific basin has become just as important to the U.S. economy as Western Europe, and the addition of Canada, a country with developing Pacific provinces, reduces Western Europe's importance even more. Within a decade (1977-1986), the total trade volume of the Pacific countries displayed phenomenal growth: sevenfold for Japan, sixfold for the ASEAN countries and eightfold for other capitalist countries in East Asia.

In cost terms, U.S. trade with the 12 East Asian countries exceeded 150 billion dollars, or 30 billion more than the trade between the United States and its traditional trade partners in Europe. In 1986 Japan's positive balance in trade with the United States is expected to reach 60 billion dollars.<sup>6</sup> But this is not simply a matter of the rapid growth of overall trade volume. The qualitative side of the matter is more important: This is the region that produces goods surpassing all others in terms of technological complexity. Western Europe was once the United States' main supplier of high technology items, but now--and this tendency is growing stronger--Japan is producing better computer parts, communication equipment and motor vehicles, the most precise machine tools with programmed control in the world, and steel, time-pieces, electronic and optical equipment and robots of higher quality. A simple list of the items the United States imports from Western Europe and the East Asian countries testifies that Asia supplies the United States with goods of the highest technological complexity (robots, electronics, optical equipment and motor vehicles).

The long-awaited report submitted to President R. Reagan on 25 January 1985 by a commission of experts (the Young Commission) states unequivocally that

the center of world trade is moving to the Pacific basin and that the United States cannot afford to lose influence in this world market. "Japan and the new industrially developed countries of East Asia are our chief rivals. If our trade volume continues to grow at the same rate in this region, by 1995 it will be twice as great as all of our trade with Europe."<sup>7</sup> The report says that "even in the sphere of modern technology, the United States has lost a share of the market in 7 out of 10 industries" and concludes that "Washington should regard this challenge to its competitive potential as an unconditional economic imperative for the next 10 years."<sup>8</sup>

The global significance of processes in the Pacific is becoming increasingly evident. There is every reason to believe that the tendency toward an increase in the economic and strategic importance of the region will continue to grow stronger. To avoid being left out of the group of countries leading the field in technical innovation, the United States will have to establish closer and stronger relations with them. By the end of the century Japan and its closest neighbors will "complete the leap into the post-industrial society. This leap will be distinguished by the use of powerful information systems in the public and private sectors and by the increased productivity of the service sector in the economy."<sup>9</sup> This is the conclusion of researchers from Stanford University in California. In their opinion, a tendency to ignore the offensive East Asia has launched could actually threaten U.S. security. "The flow of shipments of essential finished goods, components and raw materials could make us (the United States--A. U.) increasingly vulnerable as soon as we begin to depend on East Asia for deliveries of the spare parts and industrial commodities without which even our military establishment cannot exist,"<sup>10</sup> renowned experts R. Hofheinz and K. Kalder wrote. Moreover, in their opinion, the East Asian region could become more interested in acquiring diplomatic independence of the United States and in reducing American influence in the world. And this means that a country with which the United States was at war just over 40 years ago already has the means of influencing its position in the world.

#### The Change in the Strategic Situation

The tendency of the first half of the 1980's--the "move" from the Atlantic to the Pacific--provided grounds for an extremely significant change in emphasis in Washington's foreign policy planning. This is how one renowned American futurologist, S. Kirby, explained the essence of this turnabout to the West European allies: "American confidence in the Pacific partnership, its willingness to invest here and to assume commitments in the process of forming the Pacific partnership and its realization of the dynamism, potential and positive tendencies in the Pacific region are undergoing phenomenal growth; at the same time, Americans are becoming aware of the absence of dynamism in Western Europe, the confusion in the European mind and the unreliability of Europeans in comparison to the realistic and persistent Japanese and other Asian nationalities. It is probable that the uneasy Americans will say: 'To Hell with Europe.' This will not be a withdrawal into the 'American fortress,' but a move from the Atlantic to the Pacific as the main allied region."<sup>11</sup>

People in the United States are directing attention to the strategically important fact that the countries and territories of East and Southeast Asia (Japan, South Korea, Taiwan, the Philippines, Indonesia, Singapore, Malaysia and Thailand), whose gross product already exceeds 2 trillion dollars and whose population exceeds half a billion, will play an increasingly significant role in the world by the end of the century. The idea of creating a "Pacific community" was debated at several conferences and symposiums in the 1980's, including two special conferences of high-level officials from the U.S. State Department and the foreign ministries of Japan, Australia, Canada, New Zealand and the ASEAN countries in 1984 and 1985. Influential research organizations have broadened the spectrum of their Asian studies. For example, the leading "supplier of ideas" to the right wing, the Heritage Foundation, made "Asian studies" one of its four permanent fields of analysis. No other region has received so much attention. Furthermore, the organization established a special center for Asian studies in 1983. Its director J. Copper, categorically asserted that "the growth of the Asian market economies will make the Pacific basin a more dynamic zone in the next century."<sup>12</sup>

People in the United States are quite worried that Japanese specialists are better trained in the natural sciences and mathematics. Besides this, Japan is constantly strengthening its world financial position. In the first half of the 1980's, 11 of the 25 largest banks in the world were already Japanese (5 were American), and the combined assets of these 11 banks were greater than American assets.<sup>13</sup>

An analysis of current trends leads to the inescapable conclusion that the region of East Asia has growing potential in comparison to North America and Western Europe. Furthermore, the countries of this region surpassed the West in population growth, food production, mineral extraction, economic development and commercial expansion.<sup>14</sup>

The center of economic activity will move in the future. It is probable that the capitalist countries located on the west coast of the Pacific Ocean will surpass, according to the director of the Heritage Foundation, both Western Europe and the United States in economic strength measured in terms of commodity production and world trade by the year 2000.<sup>15</sup>

People in the United States regard it as a fundamental economic fact that the main states of the region effectively supplement one another. This is arousing serious worries in the United States. For example, in the opinion of Harvard professors R. Hofheinz and K. Kalder, the Atlantic world will have to give up its lead in the basic types of strength to East Asia.<sup>16</sup> This is also the prediction of researchers from the Stanford Research Center: "Japan's role is growing more important, and East Asia as a whole will become the economic center of the world."<sup>17</sup> The United States will have to develop relations with these countries because the alternative will be a withdrawal from the centers of advanced technology, and a progressive lag is even possible in the future, a lag which would make reliance on Japan an imperative. The maintenance of American positions in the present and future would make this essential, particularly since Japanese forecasts predict a transition from "U.S. hegemony to multipolar world structures and the post-oil civilization"



within the current decade.<sup>18</sup> This means that the Japanese are aware of their strength and that the United States will eventually have to deal with Japan as a rival with approximately equal influence.

#### Prospects of the "Pacific Option"

Will the United States and Japan be able to reach a mutual agreement and work out a common strategy? It is possible that this will depend largely on the distribution of roles in the U.S.-Japanese relationship.

What kind of distribution will this be? The group of American researchers headed by Harvard University Professor E. Vogel (who wrote a book with a title that speaks for itself: "Japan as Number One: Lessons for America"), is inclined to believe that Japan will surpass the United States in several important economic parameters by the end of the century. This will have the strongest impact on the military-political aspect of Japan's role in Asia and the world in general.

The possible fields in which the Japanese giant's energy will be directed are of primary interest. This can be judged mainly by the directional flows of Japanese exports and imports--the basis of foreign economic relations. The Pacific basin will account for two-thirds of Japanese trade by the 1990's and the United States will account for at least one-fourth. Now the United States and Japan are the leading importers and consumers of the main crude resources. It is possible, according to Harvard University Professor R. Vernon, that they will reinforce these positions by the end of the century and will consume approximately half of the world's oil, iron ore, bauxite and copper ore.<sup>19</sup> Even coordinated action, if not joint efforts, by the United States and Japan would be almost tantamount to the issuance of orders to countries exporting crude resources and the exertion of strong pressure on other countries importing crude resources.

There is no reason to believe, however, that the economic rivals, the United States and Japan, will be able to agree on the forms of this interaction. Up to the present time, Washington and Tokyo have been busy avoiding extreme isolation instead of working out a joint strategy. Japanese exports are injuring whole industries in the United States, and more than 300 bills envisaging a fierce economic battle with the Asian giant have been submitted to the Congress. It is also significant that Japan's evolution certainly does not presuppose inclusion in the orbit of American influence.

Several American specialists are focusing attention not on the potential for joint action by the United States and Japan, but on the possibility of a separate course of action by the latter, singling out two options.

The first is a "leftward shift." This possibility seemed particularly frightening to Americans immediately after the war. The combination of rapid urbanization, the discrediting of rightist forces and the growing influence of the Socialist Party could lead to the victory of leftist forces in the future, with the corresponding shift in Japanese foreign policy. This would mean stronger ties with West European social democrats, estrangement in

Japanese-American relations, the heightened probability of closer political contacts with neighboring Asian countries and a greater possibility of broader relations with the USSR. It is possible that Japan will depart from the position of actual political dependence on the United States and will turn into its increasingly equal ally. The choice of this course of action will not be a simple matter. Other alternatives are also possible. It is possible that the prospect of becoming the Asian Switzerland and of avoiding direct military confrontation in the Asian region will seem more appealing to Japan.<sup>20</sup>

The second option is the "rightward shift." Its prerequisites would be the aggravation of disagreements with the United States over economic matters and the strengthening of nationalist elements within the country. This would be followed by the concentration of internal debates on the country's raw material vulnerability, the triumph of rightist forces and the militarization of Japan. In this case, phony claims to Soviet territory would serve as the catalyst for military efforts and as an official pretext for a boom in the military industry and the restoration of the army and navy. Japan would strengthen ties with its closest neighbors, especially Taiwan and South Korea, as its most desirable partners. The status of relations with the PRC would depend on Japan's position in this alliance. In any case, the consolidation of ties with China would be a clear possibility. Japan's decision to take action to expand its zone of influence would dramatically complicate the entire world situation.

If Japan should create its own zone of influence, by 1990 it could, according to quite realistic estimates, send more than half of its exports to developing countries. In this case--that is, if Japan should decide to establish its own network of clients and satellites--it would have considerable opportunities to attach a large group of countries to its market, and Japanese exports to developing countries could be twice as great as total exports to the West within just a few years. As a result, Japan could be less dependent on the previous centers of imperialist power and could also assert itself as a world power center.

In addition to everything else, if Japan should choose the separate course of action, it will have more opportunities to set the two largest markets in the developed capitalist world--the American and West European markets--in opposition to one another. By the end of the century it could diversify its markets to such a degree that some markets could compensate for economic upsets in others.

In general, the United States and Japan have a fairly broad spectrum of interrelations, a spectrum not confined to the economic sphere. Military matters will certainly occupy an important place in bilateral relations in the future, just as they do now, with the following three issues representing the most crucial ones: the global balance of power between the USSR and United States; Soviet-Chinese relations; confrontation on the Korean peninsula. Whereas Japan played a subsidiary role in all three of these areas in the past, it will be much more important in the future. Washington is striving to prevent a possible Japanese-Chinese alliance, to preserve the tension and distance in Japan's relations with the USSR and to retain the United States' self-proclaimed duties and rights as the "protector" of East Asia.<sup>21</sup>

The growth of the "Asian faction" in the U.S. ruling class--an ongoing process--could lead, within the next few years, to a situation in which the State Department, Defense Department and White House Staff would have to give up their pro-European biases and acknowledge the importance of Asia as the region of greatest importance to the United States at the end of the 20th century (members of the business community with economic ties to Asian countries could assist in this "acknowledgement"). It must be said that the idea of the paramount importance of Asia is already making its way into the government. For example, Assistant Secretary of State for East Asian and Pacific Affairs G. Sigur insists that the Pacific region will be just as important as Western Europe to the United States in the future.<sup>22</sup>

The increase in the number of supporters of Pacific priority has been significant. If this should happen, by the end of the century the United States will have to arm itself with "pro-Asian" foreign policy principles: the acknowledgement that Asia's strategic importance is just as great as that of Western Europe; the development of numerous close relationships with Asian Pacific countries; the maintenance of powerful American air and naval forces in the Indian and Pacific oceans and the solicitation of the support of Asian allies for the effective control of sea lanes here. In view of the rapid rise of East Asia, the adoption of these principles will be a historical necessity for Washington, and not a matter of free choice.

Addressing an international forum of the U.S. Chamber of Commerce on 23 April 1986, President Reagan called the Pacific basin "vitaly important," remarking that "if the next century does become the Pacific century, America will lead the way." Reagan called Japan "an important political and economic partner and strategic ally, the bastion of our Pacific policy."<sup>23</sup>

Washington attaches exceptional importance, in light of Asia's increasing significance, to the U.S. military presence in the region. Washington is striving to strengthen its military influence in East Asia, where American investments are growing more quickly than in any other part of the world, in this region whose political importance to the United States will grow considerably by the end of the century. For this reason, it is probable that the United States will not leave its bases in Japan, South Korea and the Philippines before the end of the century. Whereas the contingent of American troops in Europe has been the target of criticism by American legislators advocating its substantial reduction for a decade and a half now, the level of military presence in Asia, which stabilized after Vietnam, is not being questioned. This would seem to corroborate the increasing strategic importance of the region to the United States.

The explanations offered in Washington for the need to build up the American military presence include not only the assertion that a qualitative economic breakthrough is taking place in the Pacific, but also the statement that the political stakes are rising more quickly here than anywhere else. State Department staffer W. Anderson believes that the globalization of Asian security issues will occur by the end of the 1980's. He cites the Sino-Vietnamese conflict and the Indo-Pakistani disagreements as examples of the seats of conflict in the region where tension could cross regional boundaries.<sup>24</sup>

Now that Europe is a region of relative stability, the main zone of conflicts is moving to the developing countries, including the Asian states. Experts feel that the "potential for danger" is growing here: These conflicts could have a negative effect on the status of Soviet-American relations in the Asian region.

The buildup of the American military presence in East Asia could also be promoted by such factors in the domestic political and military evolution of this region as the dramatically increased capability of all of the countries and territories of the region (for example, Taiwan, South Korea and Indonesia, as well as China and Japan) to act independently in the sphere of political strategy and economics; the inevitable growth of the politico-strategic importance of the region; the colossal potential of Japan in Asia and in the world in general. The possibility of Japan's assumption of a more important military role is questionable. Its potential for this is great, and the Nakasone government has been inclined to approach this fateful fork in the road. But this is far from a simple matter. Pacifist feelings are strong in Japan, as is the desire to avoid alienating Asian neighbors. After all, Japan's earlier progress and expansion required no militaristic stimulation or military support. It appears that the Japanese ruling class has not made a final decision on this matter yet.

#### The Negative Aspects of the Pacific Move

It would be wrong to assume that the idea of a move to the Pacific has been assigned unquestioned priority in the United States. On the contrary, the arguments in favor of more active contacts with Asia, especially Japan, as the most rapidly growing entity in the world capitalist economy and the center of technological renewal, have met with some opposition.

Part of the ruling class, especially those assigning higher priority to transatlantic ties, sees the possibility of estrangement, and not harmony, in American-Japanese relations in the future.

The proposal of the creation of a "Pacific community" has been accompanied in the United States by the growing fear that this will strengthen the position of rivals whose economic strength could quickly be translated into military and political strength. In particular, the future of Japanese-Chinese relations and the possibility of the unification of Japanese technology and PRC human resources are arousing the greatest anxiety. There is mounting opposition among those who believe that Japan's uninterrupted rise to power in Asia and the world in general is not a guaranteed blessing for the United States.

Indeed, it is not difficult to find cause for suspicion in the continuous boom of the Asian economic giant. It is a reasonable assumption that Japan's exceptional dependence on shipments of crude resources from outside, from other countries, will unavoidably have some effect on the situation in coming years. It is justifiable to ask whether or not the greatest exporting power can import almost all of the raw materials it needs. Forecasts in this area are certainly not promising. Whereas Japan now imports 96 percent of its energy resources, it will import 98 percent by 1998.<sup>25</sup> From 20 to 25 percent

of the labor force will retire as a result of the aging of the population. The time will come when manpower will be unable to expect salaries to rise along with the rise in labor productivity. The Toyota firm, for example, has already announced a freeze on salary levels for the next few years. The use of robots could stimulate economic growth, but this will also raise the rate of unemployment dramatically--from 2 percent of the entire labor force in the middle of the 1980's to 12 percent by 1995. The annual rate of GNP growth will be only half as high as in the previous decade and will (if the pessimistic forecast is accurate) amount to only 2 percent in 1990.

It is obvious that Japan will become the greatest industrial power in Asia by the end of the 20th century and that its progress in, for example, the educational level of the population will continue. Several factors will strike a blow at the Japanese way of life, namely the overpopulation of the cities, environmental pollution and the rising crime rate. It is probable that the exacerbation of problems in exports to the United States and the EEC will complicate Japan's rise and strike a blow at its vulnerable spots. The excessive development of this process could bring Japan closer to the developing world, and not to the developed vanguard of the capitalist world, by the end of the 20th century.<sup>26</sup> It is possible that if Japan does converge with the "Third World," it will offer increased assistance to the developing countries of Southeast Asia, become a more powerful financial center and concentrate on the attainment of regional goals in Asia. Although the majority of researchers disagree with this projection, it is certainly not based on fantasy. The difficulties of the mutual accommodation of U.S. and Japanese interests are self-evident. And this is not even a matter of daily friction, the influence of the trade imbalance and so forth. The establishment of a foundation for mutual convergence will entail efforts to surmount differences in social and ethical values, diverging historical experiences and incompatible emotional and mental stereotypes. The attempts made since General MacArthur's time to establish organic ties do not presuppose close convergence. In fact, they essentially discredit the idea of a U.S. partnership with Japan.

A sober examination leads to the inescapable conclusion that the national systems of the two countries differ to an exceptional degree, to the point of complete incompatibility in some respects. For example, "the Japanese inclination for planning, for the delegation of considerable authority to administrative bodies and for collective nationwide action is far removed from the standards and political traditions of the United States," R. Vernon points out. "Therefore, the discussion of possible conflicts is more appropriate than the discussion of possible cooperation."<sup>27</sup> There is some reason to believe that a more appealing political prospect will arise in Japan in the future, a prospect consisting in the formation of a bloc of Southeast Asian countries, closely associated with Japan and dependent on it.

The main difficulty for the United States is that, as a power with global interests, it is "poorly equipped" for compromises. The United States will encounter quite sizeable obstacles, however, on the road to convergence with Japan by the end of the 20th century.

It is equally significant that the Japanese will be subjects, and not objects, of world politics. "The Japanese leaders are far from willing to enter into

an alliance benefiting the Americans," American authors point out. "For most of their history the Japanese have displayed an exceptionally strong sense of national exclusivity, a precise awareness of their differences from other cultures and a tremendous sensitivity to the alien aspects of non-Japanese cultures. Japan's reluctance to see itself as a completely dependent member of the American team is reinforced by the widespread realization in Japan that the American influence in world affairs has grown weaker."<sup>28</sup> These features of the view of the world from Tokyo make the plans for the creation of a Washington-Tokyo axis dubious.

Inter-imperialist competition is also having an impact. The two industrial powers of the capitalist world are striving for power throughout the entire spectrum of achievements of the scientific and technical revolution, and this means that rising Japan will have inevitable conflicts with the United States in the trade in high technology goods and in such capital- and science-intensive fields as computers, semiconductors and telecommunications equipment. The structure of bilateral trade suggests that Japan will retain its positive balance and that this will be a cause of friction in bilateral relations. Prospects for harmonious economic interaction are quite cloudy.

The encouragement of Japan to assume a more important military status could be a dangerous feature of American policy toward Japan. This issue is acquiring increasing importance as the "self-assertion faction," which found a leader in the 1980's in Prime Minister Nakasone, strives to surmount the 1-percent (of the GNP) barrier in military spending, expand Japan's naval "zone of responsibility" and amend Article 9 of the constitution, which keeps militarism in check. The United States encouraged Japan to fight Russia in 1904, refused to condemn its aggression in Manchuria in 1931, supplied it with oil and scrap metal during the war in China and was eventually paid back with Pearl Harbor. It is difficult to believe that American politicians will ignore past experience. Dissonant voices are already being heard. "In coming years the United States will have to draw a precise distinction between the appeals to Japan for an increase in its military spending, which would be desirable, and for the assumption of a new role in the Pacific military system, which would be a serious mistake,"<sup>29</sup> warned former U.S. Secretary of State C. Vance. Expressing the views of those who see the indulgence of the growth of the Japanese military machine as adventurism from the standpoint of the protection of American interests, C. Vance feels that Japan's energy should be directed into the economic sphere, and not into the potentially explosive military sphere. In this context, it seems more preferable to give Japan the responsibility of economic dealings with ASEAN and other Asian countries and to leave the military problems of the late 20th century (such as the protection of the Japanese Islands and of oil shipping lanes) to the United States and the West European countries.

But will Tokyo listen to this kind of advice?

The renovated American establishment, the power center of which has moved from the country's northeast to the southwest, sees the future of the United States connected more closely with the Pacific Ocean, with Asia. This reflects several objective realities necessitating some change of emphasis in U.S.

foreign policy. And since the realities of the rapid economic growth of the Pacific region, its highest level of technical innovation and its economic adaptability are indisputable, the earlier ideal views of the "Atlantic world" are losing their appeal (just as the doomed connection with the obviously stagnant and poorly developing West European region). The Atlantic emphasis is being opposed more and more effectively by those who foresee a "Pacific century." The supporters of the "Asian option," however, cannot deny the existence of many problems in connection with the reliance on Asia and the Pacific basin. Above all, the lack of confidence in the constancy of the main economic force in the region, Japan, is discrediting the immoderate calculations based on the preference for the Asian-Pacific model.

The pro-Asian current is definitely growing stronger: The dynamic growth of the Asian countries is impressive against the background of the EEC's stagnation. The transfer of U.S. productive forces to the south and the west, away from the stronghold of "Atlanticism," is having an impact. But it is difficult, if not impossible, to foresee America's complete reorientation toward Japan and East Asia: NATO is of tremendous significance, processes in the Pacific region are marked by uncertainty and the general state of affairs here is of a kaleidoscopic nature. For the first time in many decades, however, the Pacific current is competing with the Atlantic one, because the United States has had to consider the strength of the Japanese economy and the potential of the region which was almost the most backward zone at the beginning of the century and has acquired extremely unexpected strength at the end of it.

Therefore, the future of American-Japanese relations will depend on the objective development of U.S. economic ties and the formation of new foreign policy views within the ruling elite. Within the near future it is probable that the United States will interact more closely with its Asian allies, especially Japan. The anticipated development of closer American-Japanese relations, however, will not be smooth. Existing and emerging differences of opinion are quite strong, and the supporters of the convergence of the two Pacific centers of imperialist competition will have to surmount perceptible resistance within the United States. The tendency toward a new level of American-Japanese relations, however, has been quite apparent in the 1980's.

The considerable influence of the United States and Japan is making the state of their relations increasingly important to other states in the capitalist world. Since the current tendency is satisfactory in general to dynamic Japan, its leaders are willing to address many current issues having no connection with the country's trade position in the American and West European markets. In particular, this was the case during the Tokyo summit meeting of the leaders of the seven most highly developed capitalist countries in May 1986. Prime Minister Nakasone was willing to follow Reagan's lead in condemning "international terrorism" and expressing his views on accidents at nuclear power plants just to divert attention from economic relations. In spite of the friction over currency fluctuations, the United States and Japan were able to avoid estrangement at this meeting and to set themselves in opposition to the West European countries both directly and indirectly. The tendency toward "Pacific solidarity" took another form, but it did not pass the test of strength. As soon as the participants in the meeting had left Tokyo,

Japanese leaders (both the prime minister and the foreign minister) began to interpret the Tokyo declaration in their own way, which will probably add grist to the mill of the skeptics who question the possibility of any kind of long-term joint action by the United States and Japan in the future.

Assessing the current stage in the development of inter-imperialist conflicts, M. S. Gorbachev noted in the Political Report of the CPSU Central Committee to the 27th Congress that "the economic, financial and technological advantages the United States had over its closest competitors until the end of the 1960's have been severely tested. Western Europe and Japan have caught up with their American patron in some fields. They are challenging the United States even in such a traditional sphere of American hegemony as the latest technology."<sup>30</sup>

This challenge is becoming an increasingly urgent problem in U.S. foreign policy. Should it join the successful center or cut itself off from it? In the Capitol many congressmen have issued emotional appeals for the restriction of contacts with the Japanese center. "Think tanks" are warning that this could mean a progressive lag. One of the main foreign policy goals of the United States is now "having its cake and eating it too"--retaining the channel of technological exchange and maintaining U.S. leadership in bilateral ties with Japan. The American-Japanese treaty, the contingent of more than 100,000 servicemen and the Seventh Fleet will guarantee American military predominance in the foreseeable future. But the practice of building bilateral relations on the assumption of the constant submissiveness of the partner is a dangerous display of conceit. After invading the American market and devastating important sectors of the American economy, Japan will probably, judging by present tendencies, strive to change the balance of power in its own favor. If the rate of technological growth in the Pacific center of present-day capitalism does not decline, this problem will be exacerbated quickly within the 1980's. American diplomacy under President Reagan has established the prerequisites for a perceptible change in U.S. regional priorities. After pursuing the most advantageous economic ties, American imperialism could also update the system of its main allies, with stronger emphasis on the "lake of the 21st century"--the Pacific Ocean.

The Soviet government statement of 24 April 1986 says that the Asian-Pacific region is the site of "important processes which will certainly have some effect on the Soviet Union's position as one of the largest Asian and Pacific powers." At the same time, the statement points out, "certain political groups in the United States and Japan are incapable of viewing the future of the Asian-Pacific region in any other form than confrontations between various countries. To this end, they are trying to create the structure and mechanism of a so-called 'Pacific community,' which could be converted in the future into an exclusive regional group, into another militarist bloc." The Soviet Union, with the backing of peaceful countries, is proposing the transformation of the Pacific Ocean into a zone of peace and cooperation. Striving to surmount the opposition of some states by others and to achieve equitable cooperation open to all parties, the Soviet Union advanced a new initiative: the organization of a conference of the Pacific countries for the discussion of security issues and the organization of an exchange of views by all interested countries in



this part of the world on mutually beneficial trade, economic, technological, scientific and cultural relations. In other words, the USSR is proposing the peaceful development of this part of the world in the interests of all peoples as an alternative to the prospect of heightened competition among countries of the region, as a result of which the weak will have to submit to the strong.

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## CHANGES IN U.S. ECONOMY'S S&T, FUEL SECTORS VIEWED

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[Article by N. O. Samonova: "Structural Changes in U.S. Industry"]

[Text] Each new phase of the technological revolution assigns priority to the development of the industries and production units whose products will aid in the retooling of the national economy and will meet rising social requirements.

The closer interaction of science with production is changing the structure of investment resources and of consumer goods, exports and other elements of the final product. In the structure of current material expenditures, there is a higher percentage of more economical types of fuel, energy, crude resources and materials as a result of the decreased use of inefficient objects of labor. The result is the quicker growth of production in the advanced, high technology branches of industry and the formation of new sub-branches. The development of traditional branches simultaneously slows down. This article will analyze the effects of scientific and technical progress on the structure of the final and intermediate products of U.S. industry in recent years.

### Changing Structure of Final Product of Processing Industry

The extensive structural reorganization of U.S. industry for the purpose of its continued intensification, a process which began at the turn of the decade and is still going on, made qualitatively new requirements on the technical level of all branches.

The main feature of scientific and technical policy in these years has been the accelerated renewal of the national production system on a fundamentally new technical basis. This kind of extensive undertaking can only be accomplished within the framework of the entire group of high technology branches and interrelated production units,<sup>1</sup> the development of which is based on the powerful scientific and technical potential accumulated in previous years and on the latest achievements in basic and applied research in various fields.

A macroeconomic analysis of the GNP structure shows that the intensity of structural changes in U.S. national production in 1977-1982 was more than double the rate of the 1972-1977 period.<sup>2</sup> This was due to the quicker growth of the non-production sphere and the accelerated reduction of the proportional significance of the processing industry. The structure of the processing industry itself also changed considerably at this time.

An analysis of the structural changes in the science-intensive and traditional (non-science-intensive) branches of the processing industry points up the interrelationship between fields of scientific and technical progress and structural changes and provides a basis for some quantitative appraisals. The main indicators reflecting a change in the relative importance of the group of high technology production units in the total volume of production, employment and capital investments in the processing industry are presented in Table 1.

Table 1

Dynamics of Two Groups of Branches in U.S. Processing Industry, %

Indicators	High technology branches			Traditional branches		
	1972	1977	1982	1972	1977	1982
Net product	27.6	29.3	34.2	72.4	70.7	65.8
Number employed	20.7	21.2	24.4	79.3	78.8	75.6
Capital investments	26.4	33.5	40.6	73.6	66.5	59.4

Calculated according to data in "Statistical Abstract of the United States" for the corresponding years.

In the 1970's and early 1980's production growth in the high technology branches was assigned priority, and this increased their proportional significance in the most important final indicators of the development of the processing industry. For example, within 10 years the high technology sector's share of the net product of the processing industry (in current prices) rose from 27.6 to 34.2 percent. In constant prices, on the other hand, high technology products represented, according to U.S. Department of Commerce estimates, 48.3 percent of the value of the processing industry's shipped product by the middle of the 1980's.<sup>3</sup> This attests to a relative decline in the prices of high technology products in comparison to the average.

Another trend is the quicker rise in the number of people employed in the high technology industries, especially in the production of computers, communication equipment and electronic components. For example, between 1981 and 1984 the number rose by 5.8 percent in the electrical equipment industry and electronic machine building, including a rise of 22.7 percent in the production of electronic components and 9.7 percent in communications equipment, while the figure for the processing industry as a whole was reduced by 3.8 percent.<sup>4</sup> In view of the fact that the concentration of scientific personnel

is two or three times as high in the high technology production fields, the science-intensive complex has accounted for virtually the entire increase in scientific personnel in recent years.

Some interesting conclusions can be drawn from an analysis of the impact this change in the employment structure has had on labor productivity in the group of high technology branches. The dynamics of labor productivity in the group as a whole are known to be influenced by two sets of factors. The first is the movement of manpower among branches with differing levels of labor-intensiveness (the structural factor), and the second is the heightened efficiency of the use of live labor in these branches as a result of the incorporation of scientific and technical achievements and the improvement of the organizational structure of production (intrasectorial factors).

Calculations testify that the increasing relative output of branches of the high technology complex with a higher level of labor expenditures (communications equipment, electronic components and the products of instrument building)<sup>5</sup> slowed down the growth rate of labor productivity in the complex as a whole by around 5 percent in 1972-1982. At the same time, intrasectorial factors (especially scientific and technical progress) raised labor productivity by 36.5 percent).<sup>6</sup>

Therefore, the more dramatic the change in the structure of production in the direction of labor-intensive high technology branches, the higher labor productivity growth will be in these branches as a result of intrasectorial factors, with the incorporation of the latest achievements of the technological revolution playing the decisive role among these factors.

The average annual rate of increase in capital investments in the subbranch producing the high technology products listed above is approximately twice as high as in others. For example, in 1982-1984 there was an increase of 28.7 percent in capital investments in the electrical equipment industry and electronic machine building, 19.9 percent in the chemical industry and 16.8 percent in the processing industry as a whole. Furthermore, even during the period of economic crisis in 1980-1982, when capital investments decreased by 2.7 percent in the processing industry as a whole, there was an increase of 2.2 percent in the electrical equipment industry and electronic machine building.<sup>7</sup> This laid the basis for the subsequent acceleration of the technical renewal of production in all branches.

The rapid development of the high technology complex in the U.S. economy is also due to the fact that a high percentage, and a percentage that has risen in recent years, of R & D expenditures in its branches had the aim of securing a higher rise in the consumer value of new equipment than in the prices of this equipment. This stimulates demand and, consequently, the investment activity of manufacturing firms. During the period of the exacerbation of energy and raw material problems in the 1970's and early 1980's, the relatively low energy and material requirements of high technology products also contributed to the more stable development of high technology branches and kept them from being affected as severely by the crises.

Such products as computers, communication systems (including satellites), monitoring and testing equipment, scientific assemblies, metal-cutting tools and various types of technological equipment with electronic central control now account for a much larger share of capital investments.

For example, expenditures on electronic equipment in 1983, according to estimates, represented 50 percent of all private investments in equipment, in comparison to 17 percent at the beginning of the 1960's.<sup>8</sup> In the crisis years of 1980-1982 the increase in expenditures on computers and office equipment was twice as high as on equipment in general. In 1982-1984 these expenditures accounted for 31.5 percent of the total increase in capital investments in equipment.

The output of supercomputers for the performance of complex scientific and technical functions is increasing. Their sales volume has been projected at 1.5 billion dollars in 1989 (in comparison to 300 million in 1984). The main industrial consumers of supercomputers are the automotive and aerospace equipment industries.<sup>9</sup>

The development of electronics is connected less with the quantitative change than with the qualitative change in the structure of capital investments. The incorporation of new electronic equipment is radically changing the ratio of expenditures to results in favor of the latter. The 1970's, which were marked by colossal achievements in the development of semiconductor instruments, particular integral circuits, marked the beginning of the microprocessor era. The result was not only a fundamental change in the technical and economic features of modern microelectronic equipment, but also the considerable expansion of its fields of application.<sup>10</sup>

Purchasing patterns of semiconductor equipment in the United States in 1985 were distinguished by the following features: Equipment for military purposes accounted for 8.2 percent, industrial equipment accounted for 24 percent, communications equipment accounted for 19.3 percent, computers accounted for 38.4 percent and equipment for home use accounted for 10.1 percent.<sup>11</sup>

The use of microelectronics in new and updated technological processes as the main monitoring and controlling center led to dramatic changes in physical production. They offered a fundamental opportunity to eliminate the restrictions that had precluded the automation of production processes still distinguished primarily by minimal mechanization or manual operations. This raised labor productivity dramatically and simultaneously improved the quality of products.

The use of microprocessors in machine building afforded new prospects for the improvement of numerical control systems in machine tools and industrial robots. It has considerably changed the technical and economic indicators of systems with numerical programmed control, increased the speed of operation and the volume of the operational memory and reduced energy requirements to from one-half to one-fifth of their previous level. According to estimates, the number of machine tools with NPC almost doubled between 1978 and 1982 and amounted to 103,000 in 1982, whereas the total number of machine

tools decreased by 8 percent during the same period. The percentage of NPC machine tools equipped with microprocessors in all NPC systems rose from 49 to 52 percent. The aircraft industry is now the leader in the use of NPC. According to sample studies, around 70 percent of the firms producing aircraft equipment use machine tools with NPC.

The extensive use of computers in machine tool production has established the technological basis for fundamental changes in the entire production process. Partially automated processes are being replaced by flexible production systems allowing for the complete automation of even small-series production and the manufacture of a broader variety of goods with a view to the individual needs of specific consumers. Around 50 flexible production systems are operating in the United States at the present time, and according to the forecast of the Yankee Group company, there will be several hundred by 1990.

The development of electronics has had a considerable effect on the products of instrument building. It has led to serious changes in the design and engineering of measuring instruments, which constitute a growing proportion of investment commodities. Microelectronic components are now being used in 50 percent of the products of American instrument building. Some 90 percent of the instruments produced by the American Hewlett Packard corporation, which controls one-fourth of the world market for monitoring and testing equipment, are equipped with microprocessors.

The group of instruments equipped with microprocessors is constantly expanding, along with the possibilities for the automation of gauging operations. In particular, the use of microprocessors played an important role in the development of new resource-saving technology in many industries.

The output of monitoring and testing equipment is affected little by cyclical fluctuations due to the stable demand for it, especially for power supply management systems, investments in which are usually recouped within a few years due to the considerable savings of up to 20 percent in expenditures on fuel and energy. Whereas the average annual rate of increase in the production of all monitoring and testing devices in 1972-1985 was 5 percent, the rate for devices to regulate energy consumption was 8.5 percent.

Automobile manufacturers are using new microelectronic instruments in the reconstruction of their assembly lines and in the production of more economical compact models. In 1984 all automobile models were equipped with one or two microprocessors to control fuel expenditures and reduce environmental pollution. According to forecasts, in 1986 the average automobile will have six to eight microprocessors.<sup>12</sup>

Therefore, the renewal and retooling of the production system in all branches of the American economy have brought about significant changes in the structure of capital investments in recent years by increasing the share of high technology production.

Consumer goods production is another important sphere of the influence of scientific and technical progress on the structure of industry. The trends

of the 1970's and 1980's discussed above made the appearance of a broad variety of goods for short- and long-term use possible, as well as types of services intended to satisfy qualitatively new individual needs.

For example, in 1984 videocassette recorders accounted for 16 percent of all American expenditures on home electronics in the retail trade network, and computers accounted for 44 percent (the respective figures in 1980 were 5.7 and 17.7 percent). Almost 31 million electronic calculators, 6.3 million video games, 4.5 million personal computers and so forth were sold in 1983. In all, home electronics worth 14.5 billion dollars were sold through the retail trade network in 1984.<sup>13</sup>

The increase in expenditures on household electronics has been accompanied by rising demand for new types of public services: the informational and technical maintenance of new equipment, video taping, software and telecommunications services and so forth. According to an International Data Corporation forecast, the value of software for personal computers will rise from 1.5 billion dollars in 1984 to 9.8 billion in 1989.<sup>14</sup> Besides this, the forms and methods of the performance of traditional services (education, health care, insurance and so forth) are also changing and have also been transferred to a new technical basis.

It is also significant that electronics have brought about qualitative changes in recent years in such daily necessities and durable goods as time-pieces, radios, sewing and washing machines, automobiles, home security systems and so forth.

Any discussion of the impact of scientific and technical progress on the qualitative makeup of the U.S. final product must include some mention of the changes in the structure of exports in recent years.

The proportion accounted for by high technology goods in the exported products of the processing industry rose from 28.5 percent in 1977 to 41.8 percent in 1983, including a rise from 2.7 to 5.4 percent for computers, from 9.1 to 10.1 percent for chemicals and from 4.9 to 6.2 percent for aircraft equipment. In 1984, 27.3 percent of the semiconductor equipment produced in the country, 15.5 percent of the monitoring and testing instruments, 27.4 percent of the computers and close to 20 percent of the products of the aerospace industry were exported. The positive balance in the trade in high technology products increased from 6.1 billion dollars in 1970 to 17.5 billion in 1982.<sup>15</sup>

One of the reasons for the stepped-up growth of high technology branches was the fact that their development was placed at the service of military-industrial firms working on government contracts. Federal budget expenditures on R & D represent 46 percent of national R & D expenditures. Military and space projects account for three-fourths of these expenditures. This is intensifying the military orientation of the high technology complex.

The militarization of scientific and technical progress is primarily reflected in the Pentagon's greater demand for increasingly complex weapons systems and the means of their use in combat. The military share of the output of radio



communications, navigation and control equipment rose from 44.8 percent in 1979 to 58 percent in 1982, its share of aircraft engines and engine assemblies for missiles and space vehicles rose from 42.3 to 53.5 percent, and its share of optical instruments and lenses rose from 21.6 to 28 percent. According to a U.S. Department of Commerce forecast, by 1987 the respective figures will be 62.5, 56.1 and 30.7 percent. Proportional expenditures on electronics in total government purchases are expected to rise from 27 percent in 1984 to 40 percent in 1990.<sup>16</sup>

It is significant that these data are only a partial indication of the losses the American society is suffering as a result of the arms race, because they do not include the potential capabilities for the production of non-military items with the aid of the material and labor resources now employed in militarization.

#### Changes in Fuel and Crude Resource Production and Consumption Patterns

Another important aspect of the structural and technological policy of corporations was the transition to the energy- and resource-saving type of reproduction.

In the first half of the 1970's only the most accessible and inexpensive methods of conserving energy were used--the stricter monitoring and control of its use, the elimination of obvious losses and so forth. However, since cheap energy was used so extravagantly, even these simple conservation methods produced definite results: The GNP energy input decreased by 7 percent between 1970 and 1975. A more extensive energy conservation program began to be carried out in the United States in 1979 and 1980. As a result of all of these measures, the GNP energy input decreased by 20.7 percent between 1975 and 1983, including a decrease of 23.6 percent in the processing industry.<sup>17</sup>

The development of electrical power engineering has been assigned an important role in the resolution of fuel and energy problems. Losses during production and transport and high prices are not keeping consumers from choosing this type of energy as the most promising, because its sphere of use is virtually unlimited. In addition, the use of electrical energy allows for the efficient incorporation of scientific and technical achievements and has almost no negative effects on the environment. According to a forecast, the average annual rate of increase in the output of electrical energy will be 3 percent between 1985 and 1990, in comparison to 2.4 percent in 1975-1983.<sup>18</sup>

Coal is the main resource in the growth of the output of electricity. The rapid development of coal mining and the institution of conservation substantially reduced oil consumption in the country in the late 1970's and early 1980's,<sup>19</sup> especially the use of oil as a fuel for heat and electric power stations. The percentage of electrical power generated with the aid of oil declined from 16.5 to 6.2 percent between 1978 and 1983, whereas coal's share rose from 44.4 to 54.8 percent.

The output of electrical power at nuclear and hydroelectric power plants is growing rapidly, as is the output of energy from alternative sources (wind,

solar, geothermal and others). Their combined share of the total output rose from 25.3 to 27.1 percent between 1977 and 1983. Research is constantly being conducted in this field, new solar, hydroelectric and nuclear power plants are being built, and more equipment is being produced for them. In 1982-1984 the number of nuclear reactors rose from 73 to 83 (excluding the military sector), and their total power rose from 57,000 to 68,000 megawatts. Experts estimate that the continued development of the abovementioned sources of energy will save up to 100 million tons of oil a year by the end of the century.

The retooling of industry for the more efficient use of energy represents the basis for the further reduction of primary energy resource consumption. In 1983 American companies invested 8.6 billion dollars in energy-saving technology, a figure representing 2.7 percent of all capital investments.

A special role in the reduction of proportional energy expenditures will be played by the use of such scientific and technical achievements as, for example, the consumption of fuel with various additives, the extensive use of instruments for the strict operational control of combustion equipment (particularly microprocessors), the enhancement of the fuel economy of motors, engines, electrolytic equipment and lighting fixtures and the improvement of metal working methods and chemical technologies. Energy expenditures are being reduced not only through the use of new technological processes, but also through the modernization of existing equipment and control systems, the improvement of insulation and maintenance, the more efficient use of electrical power and steam and the reduction of energy losses in distributing systems. Proportional energy expenditures in the processing industry declined by an average of 4.1 percent a year between 1975 and 1980, from 16.5 to 13.4 BTU/dollar,<sup>20</sup> and most of the leaders in this process are the sectors with the highest energy requirements--the chemical industry, oil refining, general machine building and woodworking (see Table 2).

As for the major sector of metallurgy, here the reduction of proportional energy expenditures has been a much slower process than in the processing industry as a whole. This is due to the high percentage of outdated equipment used in the production of ferrous metals and to the relatively slow incorporation of scientific and technical achievements. For this reason, the investment policy of steel corporations emphasizes the eradication of the technical lag of many enterprises in this sector.

Capital investments in the steel industry are not being used to augment production capacities (which decreased by 18 percent between 1970 and 1984 and totaled 135 million tons at the beginning of 1984, as compared to 160 million in 1977),<sup>21</sup> but for the radical technological reorganization of the industry. The replacement and modernization of equipment accounted for around 75 percent of all capital investments between 1975 and 1980; the rest was used for the augmentation of capacities--not for smelting, but mainly for rolled steel production, the incorporation of machinery for the continuous casting of blanks, coating lines, etc. Capital investments in the active portion of fixed capital during that period rose from 89 to 91 percent of total investments in ferrous metallurgy.

Table 2

## Sectorial Structure of Energy Expenditures in U.S. Processing Industry

Branches	(1)		(2)		(3)
	1975	1980	1975	1980	
Processing industry, total	100	100	16.5	13.4	-4.1
Chemical	23.2	22.9	51.9	40.7	-4.8
Metallurgy	18.5	19.2	42.2	40.5	-0.9
Pulp and paper	10.0	10.8	43.4	38.4	-2.5
Oil refining	11.0	9.9	43.8	33.7	-5.2
Construction materials	9.6	9.5	57.3	52.2	-1.9
Food	7.6	8.0	7.9	7.2	-1.9
Metal working	3.1	3.0	7.8	6.6	-3.3
General machine building	2.7	2.8	4.6	3.3	-6.5
Woodworking	1.9	1.7	11.3	8.3	-6.0
Others	12.4	12.2	5.4	4.3	-4.5

Calculated according to data in "1985 U.S. Industrial Outlook"; "Statistical Abstract of the United States, 1985," p 763.

## Key:

1. Energy consumption patterns, percentages
2. Proportional energy expenditures, BTU/dollar (1972 prices)
3. Average annual rate of change in proportional expenditures

The result was the extensive introduction of modern and highly efficient production processes, such as the heat treatment of metal, the continuous teeming of steel, furnace-free evacuation and others. For example, the proportional steel output of continuous casting machinery reached 35 percent of the total output in 1983 (in comparison to 3.7 percent in 1970). The construction of another 20 continuous casting units began in 1982, and some are already operating.<sup>22</sup>

Energy conservation in steel production is connected mainly with the improvement of the oxygen conversion process and the augmentation of the output of more economical electric steel. The proportional output of open-hearth steel decreased from 36.6 to 9 percent of the total between 1970 and 1984, while the proportional output of electric steel increased from 15.2 to 33.9 percent and that of oxygen conversion steel increased from 48.2 to 67.1 percent. Four new electric furnaces began operating in 1984.<sup>23</sup>

Besides this, the use of computers to control the operation of heating furnaces reduces energy expenditures by around 5 percent, or 80 megajoules per ton of steel. The advantages of computerized equipment are particularly noticeable when there are frequent changes in programs and the assortment and sizes of products. In some cases the savings in energy can reach 10 percent. According to sample studies, computer-controlled warming furnaces represented from 44 to 83 percent of the total number of various types of furnaces in 1981.

The rising capital requirements of production and the considerable losses connected with the chronic underloading of capacities, however, are impeding the incorporation of scientific and technical achievements in this industry. In 1982-1984 the capital investments of steel companies totaled 7.4 billion dollars and their losses were estimated at 6.8 billion.

An important area of technical progress in construction materials production is the rapid increase in the proportional use of plastics and synthetic resins, which are being used most extensively in transport machine building. For example, in the automotive industry the reduction of vehicle weight by 10 percent produces a fuel savings of up to 4 percent. Plans for 1986 envisage the use of up to 100-136 kilograms of plastic in the average automobile, in comparison to 90.6 kilograms at the beginning of the 1980's.

Therefore, in the middle of the 1970's the obsolescence of the equipment being used in the United States began to have an impact and heightened the need for the mass renewal of equipment. The American ruling class is associating its hopes for the restoration and reinforcement of its competitive positions, which became unsteady at the end of the last decade, with the stepped-up structural reorganization of industry through the priority development of high technology industries and the more vigorous pursuit of an energy- and material-conservation policy.

#### FOOTNOTES

1. The U.S. high technology complex includes, according to an analysis of indicators of R & D expenditures and the concentration of scientific personnel, the following groups of production units: the products of the chemical and petrochemical industries, engines and turbines, machines and equipment for light industry and the food industry, computers and office equipment, the products of the electrical equipment industry (excluding household appliances, lighting fixtures and other electrical devices), the products of the aerospace industry, instruments and artillery weapons (for a list of high technology subbranches, also see A. A. Poduzov, "The High Technology Sector of U.S. Industry," SSHA: EPI, 1985, No 11).
2. The intensity of structural change is calculated as

$$\frac{\sum_i |d_i^{t^1} - d_i^{t^2}|}{2}$$

where  $d_i$  signifies the proportion accounted for by  $i$  branch in the total output in the base ( $t^1$ ) and comparison ( $t^2$ ) years (V. V. Kossov, "Rates and Priorities in the Developed Socialist Society," EKONOMIKA I MATEMATICHESKIYE METODY, 1980, No 1).

This is a comparison of the intensity of change in the GNP structure on the level of major national economic sectors: agriculture, industry, construction, transportation and communications, trade and the non-production sphere.

3. Calculated according to data in "1985 U.S. Industrial Outlook," Wash., 1985.
4. Ibid., pp 32, 34.
5. Labor-intensiveness in these branches in 1982 was from 1.3 to 1.5 times as high as the average for the entire group of high technology branches ("Statistical Abstract of the United States 1985," Wash., 1985, pp 751-755).
6. For calculation methods, see V. V. Kossov, Op. cit.
7. "1985 U.S. Industrial Outlook," p 26.
8. DUN'S BUSINESS MONTH, November 1984, p 40.
9. BUSINESS WEEK, 19 November 1984, p 42.
10. Between 1960 and 1980 the price of the simplest integral circuit dropped from 10 dollars to 1 cent. At the same time, integration increased from 50 to 500,000 transistors. The production of microprocessors containing more than a million transistors will begin in 1986, and microprocessors with tens of millions of crystal elements will be produced by the middle of the 1990's. The price of the simplest unit will be 0.001 cent. This means that personal computers will be able to process the same volume of information as the volume only the supercomputer is capable of handling now.
11. "1986 U.S. Industrial Outlook," Wash., 1986, pp 32-39.
12. INDUSTRY WEEK, 18 February 1985, p 14.
13. "Statistical Abstract of the United States 1985," p 777.
14. FORTUNE, 14 October 1985, p 63.
15. Calculated according to data in "1985 U.S. Industrial Outlook."
16. THE ECONOMIST, 30 November 1984, p 96.
17. Calculated according to data in "1985 U.S. Industrial Outlook," pp A-2 - A-7.
18. "Statistical Abstract of the United States 1985," p 563.
19. For more about the consumption and import of oil and other energy resources, see A. V. Nikiforov, "United States: Tendencies Toward Energy Dependence," SSHA: EPI, 1986, No 7.
20. BTU--British thermal unit.

21. IRON AGE, 17 September 1984, p 33.

22. Ibid., 20 March 1984, p 28.

23. Ibid., 17 September 1984, p 33; BIKI, 14 December 1985, p 7.

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## CONSERVATIVE INFLUENCE IN CHANGING U.S. FOREIGN POLICY STRATEGY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 86 (signed to press 17 Jul 86) pp 48-54

[Article by I. B. Ponomareva and N. A. Smirnova: "Washington's Geopolitical Premises (Review)"]

[Text] The extremely dangerous ideology of rightwing groups (neoconservatism and ultra-conservatism) was the prevailing ideology in the upper echelon of government in the NATO countries, especially the United States, in the late 1970's and the first half of the 1980's, and its main ideas were also incorporated in foreign policy. By elaborating theories representing a combination of anticommunism, the doctrines of power politics and the imperial aims of supremacy and world domination, the ideologists of conservatism essentially returned to the geopolitical postulates of the "cold war."

What is more, all of Washington's shows of strength have had the ultimate aim of furthering the United States' hegemonic ambitions. The global nature of its foreign policy aims is such that current administrations have set virtually no limits on the use of force.

The foreign policy philosophy of the conservatives in the 1980's is distinguished primarily by the further development of globalism.<sup>1</sup>

For example, when Secretary of State G. Shultz spoke in San Francisco in February of last year, he spoke frankly about the U.S. claims to world leadership. "America," he declared, "must be the leader of the free world. No one else can take our place.... If we try to evade leadership, we will create a vacuum that might be filled by our enemies. Our national security will suffer, and so will our global interests and the struggle for democracy throughout the world."<sup>2</sup> He could not have said it any plainer....

Tendencies stemming from Washington's geopolitical view of the world occupy an important place in today's globalist plans and in the arguments advanced by the ideologists of globalism to substantiate "America's role in the world."

In particular, this connection is examined in American researcher T. Rona's book "Our Changing Geopolitical Premises." He singles out three "high-priority concentric zones" of U.S. political interests. They include the

"sociopolitical" sphere within U.S. boundaries, the "Western" sphere, taking in the developed capitalist countries, and, finally, the "global economic" sphere, including all of the "Third World" countries with all of their problems.<sup>3</sup> Rona concentrates on the military safeguarding of U.S. interests needed for the support of the "priority zones and for the future use of the factor of strength."

It is significant that the "Western" zone, which primarily includes the West European countries and Japan, is assigned a significant place in the system of U.S. priorities and primary interests. It is precisely with these countries that American conservatives associate the realization of U.S. globalist ambitions, primarily presupposing the stabilization of the world capitalist system under the U.S. aegis. To achieve world domination, American hegemonists are striving to consolidate various reactionary forces, form a worldwide military coalition against the socialist countries, reinforce NATO and expand this military bloc's contacts and cooperation with Japan.<sup>4</sup>

Former U.S. Secretary of State H. Kissinger even suggested the reform of NATO to attain the objectives of military-political integration and "division of labor" among imperialist states. According to these plans, Western Europe would assume most of the "burden of responsibility" to equip its armies with conventional weapons, and the United States would develop highly mobile forces, also of the conventional type, capable of taking action in Europe, the Middle East and Asia.<sup>5</sup>

American strategists believe that the NATO countries and Japan must be forced to aid in strengthening U.S. leadership in the capitalist world. To this end, they want to weaken the positions of their allies and simultaneous rivals, turn them into assistants, secure their obedience and "Atlantic solidarity" and force them to follow in the wake of U.S. policy and contribute to the realization of this country's global plans in the capacity of its junior partners. They would like to create countries of the "dependent capitalist" type within the world capitalist system, draw them into their own orbit through unequal "division of labor" and dominate them.

For this reason, the mounting American-West European conflicts and disagreements between NATO members are arousing serious worries in Washington. Most of these conflicts are connected with economic matters, especially the relatively strong economic position and military capabilities of the EEC countries. As renowned American political theorist R. Osgood commented, differences between the United States and some of its allies are much more pronounced than before due to their fundamentally different approaches to East-West relations now that the economic supremacy of the United States has grown weaker and the allies have lost much of their trust in the United States, just as it has lost much of its influence in these countries, influence which was still quite strong until the 1970's.<sup>6</sup>

R. Tucker, the author of many works on foreign policy, also feels that signs of the United States' growing dissatisfaction with the Atlantic alliance are "visible to the naked eye." If transatlantic relations do not undergo a significant turn for the better, he states, a dismal future lies ahead for



Americans. Although there have been several crises in NATO's history, R. Tucker recalls, never before has there been a combination of so many processes, each of which is capable of having a significant (negative) effect on NATO.<sup>7</sup>

The theory of "global universalism," suggesting that Washington's policy in Europe be placed on a par with other global areas of U.S. policy, was a reaction to the crisis of ally relationships in the conservative ideology. This theory would downplay the importance of the Atlantic complex, which has been the chief consideration in the United States for four decades now. This is why some conservatives have chosen other points of view as alternatives.<sup>8</sup>

Even these ideologists, however, support the maintenance of American world leadership, although in a necessarily "limited" form. The same tendency toward Americanocentrism is quite evident in their programs, but it is a somewhat milder and updated form, representing an attempt to take the new balance of power in the capitalist world into account, the world in which American imperialism is no longer capable of asserting its irrefutable primacy even in relations with its closest partners.<sup>9</sup>

According to some American rightwing political analysts, the NATO system is obsolete and weak and it needs revision. These are not the prevailing views in U.S. conservative political thinking either, but there is occasional criticism of the "holy of holies" of U.S. strategy in Western Europe--the American military presence in this region. Taking advantage of the interest of large segments of the West European bourgeoisie in the American maintenance of the status quo, American ideologists are essentially blackmailing them by asking them whether the West European center of capitalism deserves assistance when it displays the kind of independence Washington dislikes in pivotal international affairs and when it refuses to acknowledge the primacy and leadership of America. Perhaps it would be best to leave it to contend on its own with emerging leftist forces.

Several researchers of U.S. policy in Europe believe that the West European allies should be "put in their place" by threatening the withdrawal of American troops from their countries. In their opinion, the European allies are not fulfilling their obligations at a time when the United States is energetically rearming itself. They feel that the Western alliance is doomed if the West Europeans do not do more to safeguard their own security. Accusing some West European countries of an inclination to compromise with the socialist world, these authors assert that the threat of the withdrawal of American troops "will cool this passion for conciliation and have the necessary sobering effect in the West European capitals." But this is also an extreme point of view.<sup>10</sup>

The "prematurity" of this kind of maneuver is pointed out by a spokesman of the predominant right wing of the "Atlantic" theorists in the country, R. Comer, deputy secretary of defense in the Carter Administration. He advocates the buildup of the American military contingent in Europe as a means of influencing the allies and their policies. In his opinion, "leaving Europe" will not result in panic and desperate appeals for Washington to "stay." If the

United States reduces its contribution to NATO, the West Europeans will do the same. For this reason, Comer wrote in 1982, the United States has an interest in maintaining its presence in Europe.<sup>11</sup>

People in Washington who plan specific ways of realizing the ideals of hegemonism frankly discuss the need to stop the development of the national liberation movement, weaken it and defeat it with the aim of restoring imperialism's supremacy in the emerging countries, maintain undemocratic pro-Western regimes wherever they exist, eliminate young socialist-oriented states, sow discord in the nonaligned movement and bring about its collapse from within, and, finally, wreck the equitable and mutually beneficial relations between emerging countries and socialist states. An indicative statement was made by Secretary of State G. Shultz when he was discussing the "Reagan doctrine" proposed in February 1985 and he said that this doctrine of U.S. national security would henceforth focus on active and open confrontation with socialism and the national liberation movement throughout the world. Justifying the American assistance of "freedom fighters" (this is the title with which people on the Potomac have graced the bandit gangs operating on CIA orders against some of the developing countries Washington dislikes), Shultz explained: If we turn our backs on them, we will be acknowledging the Soviet idea of the irreversibility of communist revolutions.<sup>12</sup>

This is when the conservatives put forth the theory of the "new globalism." Reflecting the conflict between U.S. imperial ambitions and the real state of affairs and interests of the majority of states in the world, it was supposed to justify these ambitions and the desire to change the world according to U.S. wishes. It essentially asserted the right of the United States to interfere in the affairs of sovereign states on a global scale, organize undeclared wars and covert and overt subversive operations against them and conduct a policy of state terrorism.

The theory also had another facet. Its focal point was the same old belligerent anti-Sovietism and search for ways of achieving military superiority to the Soviet Union.

The history of international relations indicates that globalist feelings are revived in Washington each time conditions are right for a change for the better in relations between the USSR and the United States. Once again, influential ultra-conservative forces in the United States are energetically striving to prevent the improvement of Soviet-American relations. The outcome of the summit meeting in Geneva frightened them, and they are now leading an attack to preclude its positive implications.

Ultra-conservative ideologists are complaining that the White House line in relations with the Soviet Union is not tough enough. They are also criticizing the administration's show of willingness to negotiate arms reduction with the USSR. They are appealing for a more intense and massive arms buildup, to the point of superiority to the USSR, and for the exertion of stronger pressure on the allies so that they will unconditionally support the American policy of curtailing trade, cultural, scientific and technical contact with the Soviet Union and so forth.

Viewing U.S. policy in Central America as "peacemaking efforts," ultra-conservatives are warning the President that if he moves in this direction, he could encounter the severe disillusionment of those who once expected the Republican Party to "oppose" the Soviet Union under his leadership. They are also recommending stronger anti-Soviet propaganda. Furthermore, in their demands for a more energetic "ideological counteroffensive," the ultra-conservatives have felt no need to seek new arguments or ideas to counter the communist ideology; they prefer to rely on the archaic stereotypes of the "cold war," regarding them as a "reliable weapon" in the fight against communism.<sup>13</sup>

The viewpoint of Paul Nitze, the renowned participant in the Geneva arms reduction talks, is quite indicative in this respect. "The problem essentially consists," he wrote, "in the existence of two theories of war and peace.... I am absolutely certain that it is difficult for the United States to establish better relations with the Soviet Union largely because of the different meanings they give to the term 'peace.'"<sup>14</sup> In particular, Nitze says that whereas the word "peace" means "equilibrium and the absence of war" to Americans, the word "peace" in Russian means something completely different, "especially in the sense in which it has been used since the days of the October Revolution." For the Soviet Union, "peace" is allegedly equivalent to world domination. Nitze pins the label of "international terrorism" on national liberation movements and calls the desire of people for freedom "anarchy."

The Heritage Foundation, Hudson Institute, RAND Corporation and other ideological centers of this type occupy a particularly intransigent position on relations with the USSR. The reports of these organizations criticize the administration for many aspects of American foreign policy, primarily accusing it of allegedly displaying insufficient enthusiasm and consistency in the pursuit of the restoration of U.S. power in the world arena, insufficient understanding of the "global Soviet threat" and "insufficient firmness" in relations with the USSR.<sup>15</sup>

Although neoconservative ideologists regard the United States' position in today's world as an excellent and universal example for all countries and peoples, they have to admit that objective historical conditions have put the United States in a situation of complex and largely contradictory relations with the outside world. They see the only solution to these contradictions in American strength, power and military means. In other words, they do not feel that America has to adapt to the new and changing circumstances in international affairs, but that it must achieve superiority from a position of strength over the rest of the "hostile" world.... "Strength is the only instrument with which our country can influence international processes in accordance with its moral principles and its interests,"<sup>16</sup> explained the authors of a study prepared by a "think tank" close to the administration.

In a discussion of today's ultra-rightist ideologists, famous American journalist Anthony Lewis once said that we are witnessing an ideological rampage, watching a pack of predators sucking the last drop out of the federal government. It is an apt metaphor, and the predators are not immediately recognizable behind their external appearance of decency. As confirmed enemies of

detente, they openly preach the inexpediency and, what is more, the impossibility of negotiating arms limitation with the Soviet Union and advocate the achievement of nuclear, and military in general, superiority to the USSR in all respects, the continuation of the arms race and a world patrolled by American sheriffs and officers of the court.

Even in the late 1970's some conservative ideologists were already actively opposing the conclusion of the SALT II treaty by the Carter Administration, arguing that the effective verification of the fulfillment of treaty obligations would be impossible. They asserted that, as a result of SALT II, in the first half of the 1980's the United States supposedly would be unable to count on saving even a small portion of its land-based missiles and surviving a Soviet first nuclear strike. On the basis of this allegation and the false assumption that the Soviet Union would not cooperate with the United States in the creation and maintenance of a strategic balance, ultra-conservatives have demanded the establishment of American strategic superiority on all levels. In their opinion, this presupposes not only Washington's ability to start and win a nuclear conflict, but also the achievement of superiority at any stage of the escalation of a nuclear conflict. In particular, C. Gray and K. Payne wrote: "As long as the world is paralyzed by the threat (of war), including the threat posed by nuclear weapons, there is virtually no choice but to prepare to fight a nuclear war more effectively. The United States must be capable of delivering the first strategic strike and prevailing in any subsequent escalation process."<sup>17</sup>

The advocates of American hegemonism assign a particularly important role to the validation of new weapons systems, among which the current priority is the Reagan Administration's favorite offspring--the "Strategic Defense Initiative" (SDI) program, commonly known as the "Star Wars" program. C. Gray and K. Payne, and also Z. Brzezinski, R. Jastrow and M. Kampelman, tried to lay a theoretical foundation for the creation and deployment of the SDI to guarantee U.S. national security. In their calculations, they note with pleasure that the American administration has assigned priority to the creation of an effective system in the event of a possible nuclear conflict. They talk about "defense systems" and the creation of "reliable protection" for the United States, but the problem is that they emphasize the need to modernize strategic offensive weapons and zealously defend this option.<sup>18</sup> As they see it, strategic defense presupposes the use of a broad spectrum of short- and long-range weapons. In other words, they feel that the SDI program will give birth to a new approach to "deterrence" and minimize the after-effects of a possible nuclear conflict in the United States.

This is the distorted logic of the ultra-conservative politicians who expect the creation of an "impregnable nuclear shield" over the United States and an ABM system with space-based elements to allow Washington to force the Soviet Union to conclude the kind of agreement that will give them substantial unilateral military advantages. The Soviet Union has repeatedly announced, however, that it will never allow the United States to tip the military-strategic balance.

It must be said that ultra-rightists have been successful in many respects. It would not be an exaggeration to say that virtually all of the

administration's moves and programs bear their hallmark. It was their "neo-globalist" theories that Washington used to justify a criminal act of state terrorism--the bombing of civilian neighborhoods in the cities of sovereign Libya.

For example, C. Gray and other such "catastrophe lobbyists" in the American media called the Pentagon's 5-year program of accelerated arms buildup, estimated at 2 trillion dollars, "the greatest victory."

Today the matter of greatest concern to rightwing ideologists is the "Star Wars" program, which they expect to secure U.S. superiority to the USSR. Expansionist plans of this kind, however, are rash and senseless. They are unrealistic because they run counter to the main tendencies in world social development; and they are adventuristic because the goals of the militarists are inconsistent with their economic, political and military capabilities. The efforts to achieve American world domination are destined to fail. "The dreams of world domination are faulty in every respect--in the desired end and the means to that end."<sup>19</sup>

#### FOOTNOTES

1. The claims to world leadership, justified by references to U.S. "global interests," began to have the decisive effect on Washington policy at the beginning of the "cold war." Now we are witnessing an obvious return to the previous philosophy of the "Pax Americana," which is often termed the "new globalism" in Soviet literature. American politicians and analysts prefer to use more subtle terms, such as the "global interests" of the United States.
2. FOREIGN AFFAIRS, Spring 1985, vol 63, No 4, pp 705-722.
3. T. Rona, "Our Changing Geopolitical Premises," New Brunswick, 1982, p 253.
4. Ibid., pp 255-256.
5. TIME, 5 March 1984, pp 14-18.
6. FOREIGN AFFAIRS, "America and the World 1981," vol 60, No 3, p 478.
7. COMMENTARY, May 1982, pp 63-72.
8. The ideologists who defend them assert in their works, for example, that a realistic alternative to Eurocentric policy is a policy of withdrawal to the Western Hemisphere, and not "global universalism." If the United States, as R. Tucker says, were to call the Western Hemisphere an important sphere of its interests, many of the current problems in American policy would not be as pressing. The main advantage of this change in policy would be the reduced threat of involvement in conflicts in distant parts of the world, which would also reduce the risk of nuclear war. There would be less worry about U.S. interests. In a discussion of

future U.S. policy in Europe, the same R. Tucker concludes that efforts to restore the kind of leadership Washington enjoyed in the postwar years are destined to fail. For this reason, the point of departure for an effective ally policy should be a more modest and more conditional state of American leadership (ibid.).

9. For example, American political scientist W. Laqueur is opposed to a policy of intense convergence with Western Europe. Close ties with Europe, he says, are only a "drain on American resources," they do not strengthen Washington's position in the world and they weaken the United States as a power center. He feels that the policy of relying on Europe and becoming too involved in European affairs is a bow to tradition and the result of inertia and of the lobbyism of capital connected with this region. The NATO bloc, in his opinion, is essentially only impeding the more intelligent and efficient use of American power in the world. "It is time to curtail the once necessary but now obsolete and undesirable military ties to Europe. The United States can no longer afford to simultaneously defend Europe and quell social dissatisfaction in the entire non-communist world. The United States no longer has the available economic resources to do for others what they are capable of doing for themselves" (W. Laqueur, "European Peace Movements and the Future of the Western Alliance," New Brunswick, 1985, p 137).
10. See, for example, FOREIGN POLICY, 1985-1986, No 61, pp 49-93; COMMENTARY, January 1986, pp 63-68.
11. FOREIGN AFFAIRS, Summer 1982, vol 60, No 5, pp 1124-1144.
12. Ibid., Spring 1985, vol 63, No 4, pp 705-722.
13. Ibid., "America and the World 1984," vol 63, No 3, pp 447-465.
14. Ibid., 1984/85, vol 63, No 2, p 363.
15. See, for example, "Europe and the World," edited by A. Haig, Wash., 1985, p 35; PAPERS FOR BRIEFINGS, 6 November 1985.
16. "Europe and the World," pp 7-8.
17. "The Nuclear Freeze Controversy," edited by C. Gray and K. Payne, N.Y., 1985, pp 153-154.
18. Ibid., p 155.
19. PRAVDA, 28 November 1985.

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## HISTORY OF EFFORTS FOR TOTAL NUCLEAR TEST BAN SURVEYED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 86 (signed to press 17 Jul 86) pp 55-59

[Article by V. I. Bogachev: "Forty Years After Bikini"]

[Text] On 1 July 1946 an American atomic bomb was dropped on a large group of obsolete U.S. naval ships concentrated near the Pacific atoll of Bikini. This was the first test of a nuclear weapon after the war, in a time of peace.

The explosion over Bikini dealt a blow to the world public's hopes that an agreement could be concluded after the end of World War II to ban weapons of mass destruction and "drive the nuclear genie back into the bottle." It became clear that the tragedy of Hiroshima and Nagasaki did not teach anything to the U.S. leaders who were counting on a long-term atomic monopoly. Washington unequivocally showed the entire world that it did not want to ban nuclear weapons or eliminate them. According to the Truman Administration's plans, the American nuclear tests were supposed to be, in addition to other things, an instrument of pressure on all other countries.

Four decades have gone by since the first peacetime nuclear test. The U.S. monopoly on atomic weapons has sunk into oblivion. Washington's plans for the nuclear blackmail of the socialist and developing countries have been frustrated. The United States is still, however, stubbornly refusing to conclude a total and universal nuclear test ban agreement. It conducted more nuclear tests between 1946 and 1986 than all of the other nuclear powers combined.

The struggle for a nuclear test ban has been full of dramatic events that have alternately encouraged and discouraged the world public.

The Soviet Union has been striving tirelessly for the complete cessation of nuclear tests.

In 1963 an international treaty banning nuclear tests in the atmosphere, outer space and under water was signed by the United States and England on the USSR's initiative. It became an effective barrier to the radioactive contamination of the environment. Along with the USSR-U.S. treaties on the limitation of underground nuclear tests (1974) and on underground nuclear tests for peaceful purposes (1976), the 1963 Moscow treaty became an important political instrument

in the struggle to reinforce the nuclear nonproliferation framework. It proved that in the presence of goodwill on all sides, talks between states with different socioeconomic structures could reduce the danger of nuclear war. The treaty established the actual prerequisites for the attainment of the main goal--the universal and total cessation of nuclear tests, including underground tests.

Unfortunately, through the fault of the Western powers these prerequisites have still not been implemented.

In the past 5 years or so, the resolution of the nuclear test issue has not progressed a single iota. Furthermore, at the end of 1980 the United States unilaterally, and without any explanation, broke off the tripartite talks (USSR-United States-England) on a total nuclear test ban, although virtually the entire text of the agreement had been drafted between the start of the talks in 1977 and the date when they were broken off.

When the Reagan Administration arrived in the White House in 1981, it refused to submit the already signed treaties on the limitation of underground nuclear tests and on underground nuclear explosions for peaceful purposes to the Senate for ratification because of the allegedly inadequate system of verification. Moreover, after Reagan announced his notorious "Strategic Defense Initiative," the threat of American nuclear tests in space arose, because the "Star Wars" plans envisage the use of nuclear power in laser antimissile space-based installations near the earth.

The Soviet Union has repeatedly requested the United States and England to resume the talks on the total and universal prohibition of nuclear weapons, including questions of verification. Washington, however, has not agreed to this.

On 6 August 1985 the Soviet Union tried to end the impasse in the negotiation of the nuclear test ban and to set a good example for other countries by unilaterally pledging to suspend all nuclear tests until 1 January 1986. The United States responded to the USSR's peace initiative with a series of nuclear tests in Nevada. According to THE NEW YORK TIMES, the Pentagon was thereby trying "to avoid giving the impression that it was interested in a nuclear test ban."

On 15 January 1986 the Soviet Union demonstrated a new and bold approach to the issues of war and peace by extending its unilateral moratorium for another 3 months, until 31 March, announcing that the moratorium would remain in effect if the United States would also stop its nuclear tests. In this way, the USSR gave the U.S. administration another chance to make a responsible decision. Just before the end of this period, however, the United States ostentatiously conducted another nuclear test.

The Soviet Union had a positive response to the appeal of the leaders of six countries--Argentina, India, Mexico, Tanzania, Sweden and Greece--to refrain from all nuclear tests until the next Soviet-American summit meeting. In a televised speech on 29 March, M. S. Gorbachev expressed his willingness to



meet with President Reagan in any European capital in the near future to discuss the cessation of nuclear tests. "I see no insurmountable obstacles to this--neither political, nor technical, nor any others," M. S. Gorbachev said. "What is needed is the necessary political will and an understanding of our mutual responsibility."

The USSR Supreme Soviet Presidium appealed to the U.S. Congress to do everything within its power to encourage a U.S. stance contributing to the cessation of nuclear tests in accordance with the will of the people and with their desire to secure lasting peace on earth.

Once again, however, Washington chose nuclear tests instead of the negotiation of their cessation. The U.S. administration challenged world public opinion by conducting a nuclear test in Nevada on 10 April--its second test in 1986.

This American test could hardly be termed an "ordinary, routine nuclear test." It was conducted at a time when the Soviet Union had observed a moratorium on all nuclear tests for more than 8 months and had announced its willingness to extend this moratorium past 31 March--until the first American nuclear test.

The April test in Nevada following the White House's refusal of a summit meeting to discuss the cessation of nuclear tests attested to the White House's reluctance to stop the arms race.

But this was not the end of the struggle to prohibit nuclear tests. In this atmosphere of heightened concern about nuclear issues, the Soviet Government weighed all of the circumstances connected with the security of its people and all mankind and decided to extend its unilateral moratorium on nuclear tests until 6 August 1986--that is, until the day when the first atom bomb had been dropped on the Japanese city of Hiroshima more than 40 years before.

In an appearance on Soviet television on 14 May, M. S. Gorbachev again asked the United States to make a responsible assessment of the degree of danger hanging over humanity and to consider the opinion of the world community. He also reaffirmed his willingness to meet with President Reagan without delay to discuss the matter.

In reference to the program for the elimination of nuclear weapons that the Soviet Union had proposed in its statement of 15 January 1986, M. S. Gorbachev said the following in his responses to the Algerian magazine REVOLUTION AFRICAINE: "We believe that the first step in this direction could be the cessation of nuclear tests and the negotiation of an agreement to ban them in all sphere.... The conclusion of an agreement by the Soviet Union and the United States to stop nuclear tests would have a tremendous tangible impact because it would impede the improvement of nuclear weapons and the creation of new types of weapons. But this step would also have a colossal political and moral impact as an example of joint action by the two great powers, which bear a special responsibility."

It is true that nuclear tests are the accelerator or catalyst of the creation and deployment of new weapons of mass destruction. The improvement of weapons

is also accomplished during these tests. The cessation of tests would slow down the stockpiling of weapons by all nuclear powers and have a sobering effect on the adventuristic strategists adhering to the idea of a first nuclear strike. After all, even the most rabid militarists would be unlikely to use an untested nuclear weapon in a first strike.

Under the conditions of USSR-U.S. nuclear parity, the cessation of tests would not jeopardize the security of either side. On the contrary, a test ban would dramatically heighten the stability of the military-political situation in the world and thereby reinforce the security of all countries without exception.

The cessation of the modernization of old nuclear weapons systems and the creation of new ones as a result of a test ban would strengthen the nuclear nonproliferation framework. The exclusion of the possibility of new nuclear powers would permit the reduction of defense spending and a corresponding expansion of socioeconomic programs for the purpose of elevating the public standard of living.

The test ban would be an exceptionally effective and simple measure, which would not only deflect the danger of nuclear war but would also strengthen trust between the USSR and the United States. The improvement of the overall climate of international relations as a result of this ban would allow the great powers to reduce their military budgets dramatically and allocate larger sums for economic aid to developing states.

An agreement between the USSR and the United States on a test ban or a bilateral moratorium would provide strong momentum for the more intense discussion of the entire range of disarmament issues, including nuclear disarmament. An agreement between the great powers on, for instance, the limitation of military activity in the Indian Ocean would make the people of this region, who are now in the line of fire of the American nuclear weapons on Diego Garcia, feel more secure.

The cessation of tests would be an important milestone on the road to an agreement on the non-militarization of space. The deployment of offensive weapons in space, including nuclear-powered laser weapons, will entail not only colossal non-productive expenditures, but also a dramatic increase in the risk of war as a result of the malfunctioning of space-based computers and easily overlooked defects in command and communication systems orbiting near the earth.

White House officials are now concerned not with ways of organizing joint efforts to move away from the nuclear abyss, at the edge of which our planet is now teetering through their fault, but with ways of "molding" world public opinion and convincing people of "Washington's love of peace," although it is continuously stockpiling new weapons systems. Frankly, this is an impossible task.

The U.S. administration has publicly declared that "the complete elimination of nuclear weapons is the ultimate goal of the United States" and has followed this up with the announcement of its plans to enlarge the American enterprises producing nuclear materials for missile warheads, bombs and artillery shells.

President Reagan issued a public appeal to physicists to "unite efforts for the use of the atom exclusively for the good of humanity" and then ordered the modernization of the nuclear testing ground, which will cost the American taxpayers almost 2 billion dollars.

In what appears to be a mockery of common sense, the U.S. administration has alleged that the only reliable road to disarmament entails the buildup of U.S. nuclear weapons. Furthermore, the prevention of the militarization of space will entail nothing other than the saturation of space with thousands of offensive systems, many of which will be equipped with nuclear weapons.

In accordance with this irrational theory, the U.S. administration has categorically refused to follow the Soviet Union's example and stop nuclear tests, alleging that the cessation of tests will impede the modernization of American weapons. This position quite clearly reveals the real purpose of the American "theory of disarmament."

Ruling circles in the United States have even tried to use the accident at the Chernobyl plant to discredit the very idea of any kind of nuclear arms limitation and reduction agreement with the Soviet Union. The unbridled campaign of hatred and fear launched in the United States was supposed to divert the attention of the world and American public from Soviet peace initiatives and justify Washington's stubborn refusal to take steps to reduce the danger of nuclear war. The unfortunate incident in Chernobyl, however, has once again pointed up the catastrophic implications of nuclear energy out of control as a result of military operations. After all, weapon stockpiles could lead to thousands and thousands of disasters much more horrifying than the one in Chernobyl.

To justify its obstructionist position regarding the cessation of tests, Washington advanced, in particular, the "argument" that the existing means of verifying the observance of agreements on tests are supposedly "not reliable enough."

The Soviet Union recently advanced new proposals with the aim of heightening the effectiveness of the verification of the observance of a nuclear test ban. The Soviet side supported the proposal of several states on the establishment of special monitoring stations on their territory to oversee the fulfillment of a test ban treaty. The USSR announced its willingness to negotiate certain on-site verification procedures with the United States to eliminate doubts about the observance of a moratorium if a mutual moratorium on nuclear tests should be achieved. This has virtually removed the problem of verification. Even in accordance with the strictest criteria, it cannot be called an obstacle in the negotiation process.

It would seem that the road has been cleared for a substantial reduction of the danger of war without detriment to the security interests of any country.

Unfortunately, the United States and its allies are still stubbornly continuing the work on the creation and testing of new nuclear weapons systems. Washington is insisting on "inspections" to monitor the continuation of tests

instead of agreeing to the effective measures the Soviet Union has proposed to verify the observance of the test ban. Against all logic, the White House is even trying to portray this dubious proposal as something just short of a show of goodwill.

The USSR is willing to consider any form of negotiation and any variety of accord as long as this promotes the conclusion of a nuclear test ban agreement.

The issue of nuclear tests is the litmus test with which the position of a particular state regarding the entire range of arms limitation and reduction issues can be detected quite clearly. To date, all tests for the presence of goodwill in the U.S. administration with regard to the cessation of nuclear tests have been negative.

The dangerous tension in various parts of the world dictates the need for extensive dialogue and concerted efforts by all states to achieve reliable peace and security. The interests of people demand the repulsion of militarist and aggressive forces striving to cultivate mutual distrust and raise the level of military confrontation. Instead of spending the next 10 or 15 years on the creation of new systems of mass destruction, we must work together to reduce nuclear weapons and eventually accomplish their complete elimination. An agreement to stop nuclear tests could be the first important step along this road.

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## AMERICAN EXPORT CONTROL AND SWEDISH FOREIGN TRADE

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 86 (signed to press 17 Jul 86) pp 75-78

[Article by N. N. Vukolov]

[Text] The problem of the highly restrictive measures the United States is taking against Swedish enterprises is being discussed widely in the Swedish press and business community. These discriminatory moves are intended to inhibit the development of commercial contacts between the firms of neutral Sweden and other countries and prevent the delivery of Swedish equipment to the socialist states.

The urgency of the problem led to the appearance of many publications. The authors of one of the most serious studies, "U.S. Export Control. Technology as a Weapon,"\* are Swedish journalists M. Holmstrom and T. von Sivers.

During the period of detente in the 1970's, the authors write in the introduction, there was more lively business activity between industrial enterprises in the East and West. Now, however, export controls in the West, especially the United States, are more restrictive. For Sweden, access to advanced Western technology, especially American technology, is of vital importance because the products of Swedish firms include many American parts, including electronic components. For this reason, Swedish companies must accept the increasingly rigid export restrictions of the White House. "All of the export capabilities of Swedish enterprises are actually determined in Washington," the Swedish journalists note.

The study is based on numerous publications, documents and statistics relating to this problem and on hundreds of conversations and interviews, including some with American spokesmen. The authors began collecting and analyzing this material in 1982.

According to the terms set by Washington, "the presence of even a small American component in a Swedish product means that the entire product is

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\* M. Holmstrom and R. von Sivers, "U.S.A.'s Exportcontroll. Tekniken Som Wapen," Ingenjorsforlaget AB, Stockholm, 1985.

subject to U.S. export laws." These products cover a broad range--from sewing machines to the modern multipurpose JAS plane.

This is particularly true of the Swedish electronics industry, which "depends completely on deliveries from abroad, especially from the United States." A survey of 78 Swedish companies in 1984 revealed that 64 percent of the enterprises simply could not continue production without American electronics. At the same time, the firms using American technology are accountable to the American Government for its use.

American export controls regulate the movement of American products in the following directions: the export of goods and technology from the United States; the re-export of American goods; the export and re-export of foreign goods produced with the aid of American scientific and technical expertise and equipment.

If a Swedish firm should decide to export its products containing American components, its administrators must request the U.S. Department of Commerce to permit this operation. The request must contain information about the Swedish item and its possible uses. The Department of Commerce analyzes and verifies the request and issues written permission for the export of the product. There is an entire group of penalties for enterprises failing to abide by these rules.

Precise data on the issuance of U.S. licenses to Swedish firms are usually not published in Sweden. Several numerical indicators did appear in the press, however, after W. Olson, head of the Commerce Department's licensing division, visited Stockholm in November 1983. They revealed that the United States annually issued export licenses to Sweden for computers and electronic equipment for a sum of around 9 billion kroner. This figure included the American equipment requiring the issuance of licenses and the technology imported by Sweden from other countries but containing American components or requiring American licenses (for the sake of comparison, the total imports of the Swedish electronics industry amounted to 13.3 billion kroner in 1982).

Just a few years ago, around 20 percent of all Swedish foreign trade depended on the acquisition of export licenses from the United States. Today the figure is closer to 30 percent. Therefore, as the Swedish journalists stress, "the issuance of export licenses by the American Department of Commerce is increasingly essential for trade."

There is evidence that representatives of Swedish private industry and government agencies are giving in to American pressure. In the late 1960's more than 300 Swedish companies and agencies promised to comply with the following U.S. demands:

Not to export American goods from Sweden without the preliminary consent of the U.S. Department of Commerce;

To sell goods only to firms known to be the final users of these goods;

To render maximum assistance if the United States should require information about the use of American goods authorized for export to Sweden.

Furthermore, Swedish companies must sign the appropriate guarantee letter of consent to abide by these rules. As Holmstrom and Sivers write, an American Department of Commerce spokesman who talked to them said that "written guarantees have been demanded only from Sweden." This was done after Sweden abolished the government control of exports of civilian technology in 1967.

The existence of this document was first reported by NIU TEKNIK magazine in winter 1985, and the matter was then brought up at a seminar sponsored by the Stockholm Chamber of Commerce on 26 March 1985. It was attended by an American Department of Commerce spokesman, D. Cook, who was asked how "voluntary" this guarantee was.

"This is not specifically required by our export laws, but the absence of a written guarantee would create serious difficulties in obtaining export permits," Cook explained. It is indicative that American attorney J. Elliott, who attended the seminar and has more than 20 years of experience in the export control sphere, frankly said that he would never advise "his enterprises" to sign this kind of document. Incidentally, the attorney's clients include such well-known companies as IBM and IT&T.

The Swedish journalists stress that export control matters can be decided by the Pentagon, which has a special list of states "posing a threat." There were 15 countries, including Sweden, on the list in 1984. Questions about exports to these countries are subject to the most thorough analysis. For example, requests from Sweden are not only considered by the American Department of Commerce but are also examined by the U.S. Defense Department. As the Swedish magazine NIU TEKNIK reported, a special directive from C. Weinberger's office recommends the examination of each transaction involving the export of technology, even if it "is not American but could injure U.S. security."

The authors of the study describe an interview with U.S. Deputy Assistant Secretary of Defense for International Trade and Security Policy S. Bryan, the head of a special Pentagon export control office. He implied that the control of all Swedish trade in the sphere of technology is a necessary means of leverage. The American spokesman also said that he saw no particular difference between military and civilian products, especially since the latter are often categorized as "dual-purpose equipment."

The violation of American export laws by Swedish companies is subject, as mentioned above, to extremely severe penalties, including monetary fines and "blacklisting." The latter signifies the denial of requests for export licenses and makes it impossible for penalized firms to purchase American equipment and components, with all of the ensuing consequences for their production and foreign trade activities. American corporations are also forbidden to buy anything from these firms. As of July 1985, 10 Swedish firms had been "blacklisted." In February of the same year, an American enterprise was blacklisted for the first time after it sold equipment to Sweden without applying for the proper license.

Representatives of Swedish industry often simply did not know whether or not the products of their firms were subject to American laws. For this reason, the Stockholm Chamber of Commerce began holding regular seminars on American requirements in the early 1980's and invited representatives of the United States to attend them. The first such seminar was held on 21 April 1983. At this time, many members of the Swedish business community complained about the obligation of Swedish firms to submit to American orders. There are companies in Sweden which use equipment subject to U.S. control and which export 98 percent of their products. For them, the American requirements create serious difficulties.

The observance of U.S. regulations is overseen by a special office of the American Department of Commerce, headed by Theodore Wu. When Wu was interviewed by Holmstrom and Sivers, he said: "Swedish enterprises must do everything within their power to keep U.S. equipment from falling into the wrong hands!" The office he heads has a staff of hundreds. Besides this, the personnel of the trade divisions of 68 U.S. embassies throughout the world act as his "antennae."

One of his special agents works in the American embassy in Stockholm--Brooks Olson, who arrived in the Swedish capital in January 1984 and is the embassy attache in charge of export control.

All of these procedures were explained at the Stockholm Chamber of Commerce's last seminar on 6 February 1986. It received extensive coverage in the Swedish press. At the seminar Olson presented a new detailed list of requirements for Swedish enterprises, which the newspapers immediately described as "evidence of stronger U.S. pressure on Sweden." In accordance with these regulations, which went into effect on 23 April 1986, the managers of Swedish firms should:

Create their own special control bodies, which will be under the jurisdiction of enterprise administrators;

Organize a system to control trade with individuals and enterprises "black-listed" by the American Department of Commerce;

Ensure that clients show no inclination for potentially illegal exports; a client refusing to provide information about the final use of items should be subject to control.

"If there are doubts about a client, the persons responsible for export control must be notified, and it would be desirable to inform representatives of the American embassy," Olson said at the seminar.

The new regulations also envisage audits of Swedish firms, which are to be conducted by American embassy personnel. These field audits will include the interrogation of Swedish personnel involved in export operations and the thorough examination of the firm's export documents and lists of goods and clients. They also point out the need to inform personnel of the American rules, so that they can "follow them and avoid violations."



Olson tried to portray this latest pressure on the Swedes as something just short of a "blessing" for Swedish enterprises by asserting that the responsibility for control would now belong to the very Swedes whose interests are served by the observance of U.S. regulations. As local newspapers unanimously commented, however, this is essentially a case of outright authoritarianism, because the same severe penalties are envisaged for the refusal to follow the rules or for their violation.

In April 1984 the Ericsson concern was fined 3.12 million dollars by American courts because the concern's Data-Saab firm once maintained commercial contacts with the Soviet Union. Now another well-known electrical equipment firm, ASEA, is facing the threat of a large fine.

As Holmstrom and Sivers write, Swedes, including government officials, are giving in more and more to U.S. demands.

Under this pressure, the government requested customs agencies to stop the transit of "strategic goods" through Sweden, despite the fact that, as the journalists point out, Sweden "has no law prohibiting these shipments" and Swedish customs authorities have no clear idea of what the term "strategic goods" means. There are Swedish laws on the export of military materials, but the term "strategic goods" is American and is used by the American Department of Commerce to refer to all products controlled by Washington.

At the end of May 1985 W. von Raab, chief of the U.S. Customs Service, visited Stockholm and spoke with General Director B. Ericsson of the Swedish customs bureau. A report on this meeting in the 24 May 1985 issue of SVENSKA DAGBLADET has the eloquent title "Customs Treaty Between Sweden and United States. Demand for Information about Technology Exports." The conclusion of a new customs treaty was on the agenda. As Swedish Ministry of Foreign Affairs official R. Kroneberg said, the treaty would have the same format as agreements on the exchange of information about the illegal drug trade. Sweden will now inform American judicial bodies of Swedish enterprises violating the American ban on technology exports to Eastern Europe, SVENSKA DAGBLADET reported.

The authors of the previously mentioned study of the effects of U.S. export control in Sweden, Holmstrom and Sivers, write that Sweden is now in an extremely difficult position. On the one hand, Swedish firms cannot get along without American products, but on the other, Sweden's submission to U.S. rules and requirements is inconsistent with its policy of neutrality and its support of the principles of free international trade.

Revealing the underlying motives for the U.S. actions, Editor-in-Chief A. Leborg of NORSKJENSFLAMMAN asserted in an article published in the newspaper on 12 February 1986 that the chief aim of the United States is to slow down the economic development of socialist countries. The United States is simultaneously protecting its own economic interests, because American transnational corporations are taking advantage of the control of the exports of foreign companies to strengthen their own position in the increasingly fierce competition in capitalist markets.

A. Leborg commented that the vehement denial of American solicitations would serve the interests of the Swedish policy of neutrality and would keep Sweden from becoming a vassal of the United States.

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## SCIENTIFIC-INDUSTRIAL COOPERATION OF LARGE AND SMALL BUSINESS

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[Article by V. A. Firsov]

[Text] In recent years the American press has had much to say about the fact that the United States has ceased to be the indisputable leader in scientific and technical progress in the capitalist world. It is true that the United States' main rivals in Western Europe and Japan are catching up with it in a number of fields of scientific and technical progress, especially in the civilian sectors of the economy.

Under these conditions, increasingly insistent appeals for stepped-up scientific and technical progress are being voiced by the business community, the U.S. Congress and American specialists.

For a long time it was a common assumption in the United States that the speed of scientific and technical progress was influenced mainly by the augmentation and concentration of the financial resources and manpower used in the development of science and the use of its achievements in production. Now it is known, however, that the nation's existing army of researchers and engineering and technical personnel, laboratory facilities and allocated funds are incapable of securing the attainment of this goal unless there is some change in the ways in which they are used.

Quantitative changes alone have been inadequate. This has had a substantial effect on the definition of the problem and on the search for solutions.

One of the main methods of stepping up scientific and technical progress in the United States in recent years was the cooperation of big capital with many small and medium firms engaged in R & D, as well as the active use of scientific and technical achievements for the reorganization of their production operations. The analysis of these processes could be of great value to Soviet researchers in the discovery and use of the general organizational-technical tendencies promoting the accelerated development of science and technology. As speakers noted at the 27th CPSU Congress, a matter warranting consideration is "the efficient combination of large, medium and small enterprises. As experience has shown, small but technically well-equipped enterprises have certain advantages in many cases."<sup>1</sup>

## Problems of Incorporation in Large and Small Firms

The U.S. economy is known to have many firms, government laboratories and non-profit organizations engaged in research and development projects and the incorporation and manufacture of high technology products. Most of the scientific and technical potential--and this is a feature distinguishing the United States from other capitalist countries--is concentrated in the private sector.

Small firms represent around 90 percent<sup>2</sup> of all the companies operating in the R & D sphere, but they have little technological and economic potential in comparison to large corporations. Nevertheless, in the last 10 or 20 years some of them have been quite successful in several fields and stages of R & D.<sup>3</sup>

In contrast to them, the large corporations, where the overwhelming majority of scientific and technical potential is concentrated, often do not make adequate use of it and do not exert the appropriate influence on scientific and technical development.

Some bourgeois economists have compared the activities of large and small firms in this sphere and have drawn quite categorical conclusions. For example, American researcher E. Frand has frankly said that the "activity of giant corporations is the main cause of the declining U.S. scientific and technical level."<sup>4</sup> And experts from the Arthur D. Little firm have said that the technical leadership of the United States is based on the R & D activity of small firms.<sup>5</sup>

Categorical statements of this kind, in our opinion, are not a completely accurate assessment of the real situation: Neither the tendency toward the deceleration of scientific and technical progress in big business nor the innovative role of small business should be overestimated. At the same time, we must remember that the grounds for these opinions are, on the one hand, the extremely productive work of some small firms in the R & D sphere and, on the other, the increasingly perceptible tendency of big capital to slow down the technical improvement of production after a firm has reached a certain size and is able to monopolize part of the market.

The experience of the 1970's and the first half of the 1980's corroborates the objective nature of these phenomena and the attempts of U.S. private capital to accelerate scientific and technical progress with the aid of all of the advantages of large and small firms. The point of departure for an analysis of these phenomena and processes is the problem of incorporation.

As far as small firms are concerned, their ability to develop and incorporate innovations is limited, because approximately 95 percent of all scientific and technical potential is concentrated in large corporations. Besides this, as R & D projects approach the stage of completion, expenditures and risks increase rapidly. According to statistics, four out of every five new products fail,<sup>6</sup> and primarily because of poor market analyses and the failure to orient products to consumer requirements.<sup>7</sup>

As a rule, individual small and medium firms are incapable of surmounting these difficulties, and many of them go bankrupt. Nevertheless, there are

many new small and medium firms conducting the search for fundamental innovations, and under the conditions of the technological revolution the need for the rapid technical improvement of production is a compulsory law for them. The small scales of their production and, consequently, their accumulations turn the process of technical improvement for the sake of a higher profit margin into virtually the only means of guaranteeing the survival of a small firm in the R & D sphere.

Success offers the small firm great opportunities for economic growth and the acquisition of profits. For example, the sales volume of the American Robot Corp. has displayed an increase of 300 percent a year since 1979 and reached 25 million dollars in 1985.<sup>8</sup> This is why we can safely assume that the desire to complete R & D projects of fundamental significance is becoming the chief production aim of small firms, because only this gives them a chance to recoup production costs and acquire surplus added value, and, in general, to remain in the market and to survive.

When the results of R & D projects are promising, small and medium firms want to recoup their expenditures as quickly as possible. In some cases, however, they cannot complete these projects and market the innovations independently. For this reason, they sooner or later have to deal with the problem of seeking outside funds and material and technical resources for the continuation of their work.<sup>9</sup> In these cases, they have virtually no other alternative than to sign contracts with large firms.

In contrast to small and medium firms, large corporations are capable of coping with virtually all difficulties. But as capital grows, the growth of total profits becomes increasingly important to it. Financial capital is capable of expanded reproduction even when the profit margin is lower but total profits are simultaneously increased, and the radical technical improvement of production is not always a necessary method of attaining this goal. This motivates many large corporations to make primarily evolutionary changes in production, which are not, strictly speaking, fundamental innovations. The increasing strength of these tendencies within large corporations and the simultaneous desire to prevent the growth of competition and the tendency toward a lower profit margin motivate them to seek outside sources of innovations for the enhancement of their own scientific and technical level and competitive potential. Highly effective small firms in the R & D sphere are arousing the interest of large corporations because of the possibility of the rapid acquisition of fundamental innovations for use in their own interest.

#### Prerequisites for Cooperation in the R & D Stage

Therefore, small and medium firms are motivated to establish commercial relationships with a solid partner by the absence of sufficient funds to complete their projects and market their innovations, and large firms are motivated to do this by the possibility of obtaining rapid and relatively cheap results, requiring only minimal completion, and by the possibility of reducing the cost and risk involved in R & D projects of their own.

It is significant that small and medium firms have to enter into this kind of relationship in the majority of cases, while large corporations have an

opportunity to choose developed ideas and innovations. This heightens the instability of enterprises in the non-monopolistic sector engaged in the sphere of scientific and technical investigation. But the position of the ones chosen by big capital becomes somewhat more stable. Furthermore, the ability of monopolies to influence the speed of scientific and technical progress indirectly, by using their extensive ties with these firms, is augmented considerably.

Until recently, the contradictions between the existing technological and economic capabilities of large and small firms were partially resolved by the redistribution of R & D results among large, medium and small firms in a specifically capitalist form. The R & D results of small firms of value to large corporations were simply purchased by the latter, and the secondary results of the R & D of big business were partially turned over to other firms, including smaller ones.

In recent years, large corporations have conducted their own R & D projects and have been more inclined to enlist the services of independent small and medium firms and independent researchers whose scientific interests coincide with their own. The reason is that researchers working for large corporations have a different hierarchy of goals than those who work for small independent firms. Whereas the highest goal of the former is professional advancement, the latter are primarily interested in the profitable implementation of their scientific ideas in innovations as well as in satisfying their professional ambitions and acquiring public recognition.

It is a well-known fact that many of the new small high technology firms were founded by scientists, engineers and technologists who resigned from their jobs in large corporations, universities, colleges and so forth to start their own business for the marketing of ideas and inventions of no value to their previous place of employment. Some researchers have said that "many scientists prefer small firms, which often resemble an extension of an academic laboratory, and not a large bureaucratic organization."<sup>10</sup> The small firms of this type are usually distinguished by highly productive and dynamic operations. Their goal is not the independent production of finished items, but the organization of R & D projects, the development of a single new item and subsequent operation as part of a large firm.

Large corporations frequently promote outside R & D by scientists working for small and medium firms, universities, colleges and so forth by giving them grants and loans. When necessary, "independent" firms are established to conduct scientific projects in fields of interest to large corporations. The executives of these firms are not officially under the jurisdiction of the administrations of large companies. The latter only give them financial, administrative, scientific-informational and advisory support--that is, they establish the necessary conditions for goal-oriented R & D projects in small firms and then use the findings of small and medium firms in their own activity.

There are some basic forms of R & D cooperation by large and small firms. First of all, small and medium firms can be contracted by large corporations.

Secondly, large companies can invest in small and medium firms conducting projects of interest to them and buy stock in them. Thirdly, new small firms can be founded by big business. And finally, a fourth form, the most highly developed and most promising, a form combining elements of the other three, has been practiced more and more widely in recent years. This is the joint establishment of companies of "venture" capital, various types of foundations, institutes and so forth by a number of interested large firms and organizations. This form includes the establishment, financing and contracting of small and medium firms, researchers and research teams to conduct a group of projects of value to the founders.

Obviously, contracts to conduct research with large firms are less preferable than direct investments to small and medium firms, because the large companies profit the most from successful research in the first case. For this reason, small and medium firms with a more solid position try to develop their ideas to the marketing stage. In some cases, their prestige allows them to acquire outside credit, and sometimes in quite sizeable amounts. For example, in 1982 the total R & D allocations of the leading new small firms in biotechnology were 32 million dollars for Genetech, 26 million for Setus, 8.3 million for Genex, 8.7 million for Biogen and 6 million for Hybritech. At the same time, the R & D allocations of the leading large firms conducting R & D in this field were 120 million for Du Pont, 62 million for Monsanto, 60 million for Eli Lilly and 60 million for Schering-Plough.<sup>11</sup>

#### Prerequisites for Cooperation in the Stage of Incorporation

During the course of the technological revolution the traditional policy of big capital, aimed at constant intraorganizational growth and the augmentation of specialized production capacities and R & D volumes, has encountered unexpected difficulties.

It turned out that when an enterprise reached a certain level of production capacity and concentration of technological potential, the effectiveness of their use sometimes displayed a tendency toward stabilization or even reduction. The possibility of economizing on the scales of production in a number of industries and production fields was dramatically diminished.

This was due partially to the fact that large corporations had long been engaged in a purposeful search for only individual innovations, producing a high impact when used on a large scale. Within a few decades, by the end of the 1960's, this led to the substantial growth of the specialized capacities of enterprises: for example, a 4-fold increase in the automotive industry, 1.5-fold in ferrous metallurgy and over 2-fold in oil refining and the cement industry.<sup>12</sup>

Many innovations, which were sometimes of a revolutionary nature but did not produce a high commercial return, were rejected because they were inconsistent with the firm's strategic aims. The annual renewal of the product assortment and changes in the external appearance and number of models of products were usually not accompanied by qualitative changes in the technical and technological nature of production--that is, scientific and technical progress in the

large corporation acquired evolutionary forms. In contrast to large firms, many small and medium firms have been quite active in new industries and fields of scientific and technical progress.

According to the assistant director of the U.S. Small Business Administration, D. Templeman, many small firms active in the R & D sphere market their innovations more quickly than large firms. "There is no question," he concluded, "that the most significant innovations are more likely to come from small firms and independent inventors than from large industrial laboratories."<sup>13</sup>

By the beginning of the 1970's, when it became obvious that the size of the enterprise (its production capacities) was not always directly proportional to its effectiveness, several large firms began to limit the size of their enterprises. Emerson Electric has set a limit of 600 employees at its plants, Motorola's limit is 1,500 and Dana's is 1,200. Minnesota Mining and Manufacturing, Texas Instruments and other corporations are adhering to a similar policy.<sup>14</sup>

The technological revolution revealed the defects of the traditional one-sided emphasis of several large corporations on the development of individual innovations, which produce a high impact only when used on a massive scale. This is precisely the reason for their heightened interest in small firms engaged in R & D and incorporation.

#### Structure and Prospects of Cooperative Complexes

Therefore, under the conditions of present-day capitalism, the increasingly social nature of production and collectivization of the R & D sphere are natural, but they are not always connected with the appropriate changes in the subject of ownership and the concentration of production and scientific and technical activity exclusively within the bounds of large enterprises--that is, formal collectivization. The number of specialized small and medium firms and of independent inventors and scientists (so-called informal research teams) is rising rapidly in many stages of the "idea-market" cycle, and the largest firms are uniting all of their small and medium contractors in some form of association.

Under present conditions, large companies have an objective interest in the creation or unification, under their management, of independent small and medium firms engaged in R & D, the incorporation of technical and technological innovations and their production on a cooperative basis. Large firms are concentrating on the development and manufacture of a few items for which there is a high demand and on the assembly of finished products out of components and parts designed and supplied by specialized small and medium firms.

According to the data of American experts, the loss of independence diminishes the effectiveness of small firms dramatically: a decline of 20-30 percent in labor productivity and the reduction of income by one-third.<sup>15</sup> This is why the direct takeover of small and medium firms as a method of production organization is giving way to formally equitable contracted cooperation and investment, and why administrative-budgetary forms of management are gradually being replaced by the special-program financing of contractors.

The large corporation--the leader--becomes the nucleus of a complex, the center of a group of many separate small and medium firms (or groups of firms), performing much of the scientific, technical, production and sales work required by the leader in a framework of scientific-industrial cooperation. Despite the legal independence of the companies making up these complexes, they represent a single entity from the financial and technological standpoints. Of course, senior partners play the leading role.

In this way, large, medium and small firms supplement one another, and this helps to optimize the entire "idea-market" cycle--that is, both the organization of R & D and the incorporation of innovations and manufacture of a variety of models of new products in high demand. In this case, the use of all the advantages of production concentration and economization on production scales are supplemented by strictly specialized and economical R & D on the one hand and small-series production on the other.

The speed of scientific and technical progress and, consequently, the profits and competitive ability of large corporations will depend on the determination of the best proportions and combinations in which the efforts of small and medium firms should be united around large corporations. This is quite clearly attested to by the fact that around 75 percent of the total output of U.S. machine building in cost terms is manufactured in small series of 50 or fewer items, or even individually. Mass production and large-series production account for only 25 percent.

The scientific-industrial complex of the monopolies does not have a rigid framework, but, rather, is in a constant state of change and improvement for the purpose of the optimal maximization of the production of individual items in large series and the production of a constantly increasing number of items in small and medium series, which will increase the total volume of production and profits.

These processes are giving rise to qualitative changes in all of the technological and production activity of monopolies. The problem of its optimization is largely a matter of the regular review and renewal of the group of small and medium firms connected with the monopoly. This is how new ideas, inventions and innovations are acquired by the large corporation and are incorporated on a mass scale under its trademark, including its profits and competitive potential. In this process, large corporations make use of the main advantage of small business as such--its efficiency, mobility, flexibility and willingness and ability to undergo rapid changes with relatively low capital input. Qualitative changes in the nature and methods of the use of small firms during the final stages of R & D, especially the production and consumption of the new product, are of special interest.

In recent years large corporations have displayed a tendency toward the quicker development of various types of new equipment, and primarily for use at their own enterprises and at the technologically related tens of thousands of enterprises in the non-monopolistic sector. Many giant corporations plan to replace many of their blue-collar workers with robots and other equipment and turn several types of production over to their specialized subcontractors, which are being supplied with the latest equipment and technology.



One of the most promising fields of development is the complete automation of small and medium firms and their conversion to "flexible production enterprises (or systems)" integrated with large automated corporations. The small-series production of a large variety of products organized in this manner is acquiring more and more of the features of large-scale capitalist production. The rapid growth of the organic composition of capital is being accompanied by a rise in worker skills, their more intense specialization, the reduction of their numbers and a transition to a qualitatively higher level of labor organization.

In the future, small and medium enterprises of this type will be able to operate automatically and around-the-clock, which will lead to the considerable reduction of employment. According to some estimates, this will raise labor productivity at medium enterprises by 200 percent and at small enterprises by 330 percent,<sup>16</sup> and this, in turn, will give large client corporations huge advantages.

Bourgeois economists, as mentioned above, have not reached a unanimous opinion on the role of large and small firms in scientific and technical progress. Whereas, for example, F. Wintington, computer expert from the Arthur D. Little Corporation, is firmly convinced that "the future of the small business is to serve large corporations as a specialized supplier,"<sup>17</sup> his West German colleague, Professor W. Colombo, has another opinion. He feels that "large production units in the future will be limited to standard mass production--semimanufactured goods and consumer goods--while the more complex items, requiring constant adaptation to the rapidly changing market, will be produced by small and medium firms."<sup>18</sup> American researchers D. Stegall, L. Steinmetz and J. Kline express approximately the same view. They feel that in the future "many new ideas, goods and processes will be developed by small firms."<sup>19</sup>

These points of view, despite their differences, have a quite solid and objective basis. There is no question that cooperation by firms of different sizes, united by a single purpose and by special-program financing, can provide (and is already providing) considerable momentum for stepped-up scientific and technical progress. It can make the use of scientific and technical potential much more effective. In addition, this method of accelerating scientific and technical development under the conditions of present-day capitalism is nothing other than a method of the expanded reproduction of monopolistic capital itself through the use of the technological and production potential of small business.

#### FOOTNOTES

1. "Materialy XXVII syezda Kommunisticheskoy partii Sovetskogo Soyuz" [Materials of the 27th CPSU Congress], Moscow, 1986, p 37.
2. Calculated according to data in "Research and Development in Industry 1981," Wash., 1983, pp 3, 24.
3. For more detail, see SSHA: EPI, 1985, No 10, pp 61-68.

4. INDUSTRIAL RESEARCH AND DEVELOPMENT, December 1981, p 25.
5. MANAGEMENT TODAY, August 1979, p 38.
6. ENGINEERING MANAGEMENT, May 1984, p 89.
7. K. Holt, H. Geschka and I. Peterlongo, "Need Assessment. A Key to User-Oriented Product Innovation," Plymouth, 1981, p 3.
8. BUSINESS WEEK, 13 January 1986, p 90.
9. Average expenditures amount to 210,000 dollars for the manufacture of a new product and 530,000 dollars for the incorporation of a new technology ("Innovation in Small and Medium Firms. Background Report," Paris, 1982, vol III, p 25).
10. "Europe and the New Technologies," edited by M. Sharp, London, 1985, p 177.
11. Ibid., p 179.
12. SSHA: EPI, 1983, No 2, pp 33-34.
13. "Small Business Innovation Development Act. Hearings..., U.S. House of Representatives," Wash., 1982, p 49.
14. SSHA: EPI, 1983, No 5, p 38.
15. A. N. Tkachenko, "Nemonopolisticheskiy sektor v usloviyakh sovremennogo kapitalizma" [The Non-Monopolistic Sector in Present-Day Capitalism], Moscow, 1985, p 35.
16. SSHA: EPI, 1985, No 1, p 88.
17. BUSINESS WEEK, 1 June 1981, p 55.
18. Quoted in "Tseli i sredstva ekonomicheskoy politiki kapitalisticheskikh i razvivayushchikhsya stran" [The Goals and Means of the Economic Policy of Capitalist and Developing Countries], edited by I. P. Faminskiy, Moscow, 1980, p 24.
19. D. Stegall, L. Steinmetz and J. Kline, "Managing the Small Business," Homewood (Ill.), 1976, p 367.

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## U.S. BOOK ON SOVIET-AMERICAN PACIFIC TIES REVIEWED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 86 (signed to press 17 Jul 86) pp 103-105

[Review by V. G. Viktorov (Khabarovsk) of book "Soviet-American Horizons on the Pacific," edited by John J. Stephan and V. Chichkanov, Honolulu, University of Hawaii Press, 1986, XII + 181 pages]

[Text] This monograph is the result of a joint Soviet-American research project to study the geography, history and economy of two regions--the Soviet Far East and the American west.

The strained international atmosphere of the first half of the 1980's gave rise to a number of difficulties in the completion of this project, and the main ones were the different ideological approaches of compilers and authors to a number of issues. The difficult work on the joint Soviet-American monograph took more than 3 years.

The Soviet part of the book was compiled by scholars from the Khabarovsk Economic Research Institute of the Far Eastern Scientific Center of the USSR Academy of Sciences, and the American part was compiled by researchers from the west coast of the United States.

The study begins with two short introductions, which could more properly be called messages to the American and Soviet readers. The Americans are addressed by Academician G. A. Arbatov. His introduction contains the following words: "To successfully surmount the difficult problems of our time, we must seek greater mutual understanding. This book represents the first joint experiment in scientific cooperation for the attainment of this goal."

The United States' message to readers was written by Senator Spark Matsunaga from the state of Hawaii. He is known as the author of a resolution on the resumption of American-Soviet cooperation in space exploration. It was also on his initiative that a House and Senate resolution was passed on stronger government support for scientific and cultural exchange between the two countries in oceanography, medicine and power engineering. In his introduction, S. Matsunaga writes: "This precedent-setting and inspired work is an example of the way in which our people can work together in the most rapidly developing part of the world--the Pacific basin."

The growth of international trade and the intermingling of long-term economic ties are contributing to the interest in the stable and healthy development of partners, reducing hostility and promoting respect for one another's legal interests and a patient search for mutually acceptable solutions. Economic, scientific and technical cooperation, active contacts in the cultural sphere and the exchange of people and information are helping to destroy existing biases, reach better mutual understanding and strengthen trust between nations.

The authors of the monograph wanted to do the following: describe the distinctive geographic features of the Soviet Far East and the American Pacific states; review the history of the growing economic interests of both powers in the Pacific and the history of the development of Russo-American and Soviet-American relations in the region; reveal the structure, scales and current characteristics of the development of both regions and, on this basis, determine future possibilities for their economic activity in the Pacific basin; determine the framework of the economic interaction of the two regions and the incentives and deterring factors of future economic, scientific and technical cooperation.

The monograph consists of five large sections in which all aspects are examined from two vantage points by Soviet and American scholars. This is how the composition of the book was planned.

Correspondence and the exchange of drafts were organized between the authors of chapters on the same subjects. Each author then prepared a new draft reflecting the comments of partners and editors. Several chapters were rewritten three or four times and finally took the form of a compromise draft.

Many examples of productive cooperation between the United States and Russia and between the United States and the USSR are cited in the book. With due respect for history, the main purpose of the monograph was, however, an analysis of the current situation in the region and the determination of ways of promoting more active Soviet-American relations in the Pacific basin. One of the important aims of the Soviet team of authors was the portrayal of the Soviet Union as a great Pacific power with tremendous economic potential in the Far East. Professor John Stephan writes in the monograph that most Americans have only the vaguest idea of the USSR as a Pacific power. The deliberate failure to underscore this fact in the United States has strengthened the American view of the Soviet Union as a European country with some remote Siberian provinces. "But the maritime borders of the Soviet Far East (16,700 miles) exceed those of the continental United States (14,225 miles)" (p XIV).

One of the merits of the joint monograph is that both sides suggest ways of surmounting existing difficulties in foreign economic relations. Here is one: The Americans recommend the founding of an organization promoting regional trade between the Soviet Far East and the American west coast, which would coordinate the exchange of commodities across the Pacific Ocean.

There is an interesting section on "American-Soviet Scientific Cooperation in the Pacific" by American researchers Robert Randolph and John Bardach. The authors argue against the official White House line of curtailing scientific contacts with our country, offering conclusive evidence of the mutual interest

in their development. "The Soviet Far East and the American Far West," they write, "have exceptionally solid grounds for commercial cooperation. We have much in common from the geographic standpoint, and this is the reason for the common interest in solving problems connected with the ocean, forests, energy resources, telecommunications, transportation, a fragile ecology, seismic vulnerability and agriculture" (p 143).

The monograph cites examples of cooperation by scientists from the Soviet Far East and the American west. For example, the Geophysics Institute of the University of Hawaii and the Khabarovsk Tectonics and Geophysics Institute have been conducting a joint study of the submerged mountains in the Pacific Ocean for a long time. The Sakhalin Geology and Geophysics Institute of the Far Eastern Scientific Center of the USSR Academy of Sciences and the Geophysics Institute of the University of Hawaii have been working together on a study of seismic activity in the Kamchatka and Aleutian trenches. Other examples could also be cited. The American scientists' acknowledgement of the great Soviet advances in some fields of science is noteworthy.

The American authors point out certain difficulties in Soviet-American scientific cooperation, particularly those which occurred, in their opinion, during the work on the monograph. They also admit, however, that researchers from the two countries took a sensible approach to difficult problems, as a result of which the investigation of these very differences became an important and educative experience in the evaluation of past cooperation and the improvement of future cooperation. The experience proved, they write, that the presence of mutual understanding benefits science and all mankind.

There is an extremely interesting chapter on the history of the discovery and exploration of Russia's eastern regions by Russian explorers.

"Our state was born on the European continent," Academician G. A. Arbatov writes in the introduction. "Much, very much, of our history is connected with Europe. The same can be said of the United States, for which Europe was the source of the cultural traditions the immigrants brought with them.... Nevertheless, it is precisely in the Pacific region that we are neighbors, and very close neighbors. Only 3 miles separate Big (USSR) and Little (United States) Diomedes islands in the Bering Strait."

In connection with the publication of this work, we will remind the reader that a large Soviet-American symposium "For Peace and Security in the Pacific Zone" was held in Khabarovsk in June 1985 and was attended by influential American scholars from the American west coast, such as Professor Joseph Ha, dean of the School of International Relations of Lewis and Clark College in Portland and special adviser to the governor of Oregon on international affairs; history Professor John Stephan from the University of Hawaii (one of the editors of the monograph); Executive Director Charlotte Kennedy of the Oregon Council on International Affairs; doctors of science Seth Singleton, Thomas Paulsen, John Hailey and others. There was an interesting and productive exchange of opinions at the symposium.

Any peaceful dialogue between representatives of the great powers, even if they do not agree on all matters, is a step toward the fuller realization of mutual

interests and the establishment of relations promoting the development of the kind of multilateral and bilateral scientific, technical, political, economic and cultural contacts that will make intelligent solutions to major inter-governmental and international problems possible.

In this context, the head of the American delegation, Joseph Ha, made an indicative statement: "How can we achieve mutual trust? One way is the publication of joint studies by Soviet and American researchers on security issues in the Pacific region."

The book has already been published in the United States and it will soon be issued by the Soviet Progress Publishing House.

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U.S. BOOK 'CAN AMERICA COMPETE?' REVIEWED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 8, Aug 86 (signed to press 17 Jul 86) pp 105-108

[Review by A. I. Izyumov of book "Can America Compete?" by Robert Z. Lawrence, Washington, The Brookings Institution, 1984, 156 pages]

[Text] In recent years the question raised in the title of this book has evoked heated debates in the United States. It has been debated not only by scholars, but also by members of the business community, labor unions, congressmen and administration officials. The fact is that the issue of the competitive ability of American goods was still a largely academic matter in the 1960's but then became a matter of primary concern in the 1970's and 1980's, and even a matter of life and death in some sectors of the American economy.

This monograph by Brookings Institution researcher R. Lawrence first arouses attention with this categorical formulation of the question, which is not characteristic of the works of the researchers of this influential center of academic thinking.

One of the main things R. Lawrence wanted to do was to refute the popular American opinion that the decline of American industry began in the 1970's and that the country is gradually turning into a "nation of sandwich stands" (p 2).

In the postwar period (from 1950 to 1973) the growth rates of industrial production in the United States were approximately equivalent to the growth rates of the GNP, and the proportion accounted for by industry in the GNP remained virtually the same. In the 1970's and 1980's, however, there was a general decline of economic growth rates and a much more dramatic decline in the processing industry, as a result of which industry's share of the GNP decreased from 24 percent in 1970 to 22.9 percent in 1982. Lawrence admits the existence of this tendency but argues that it is the result not of long-term factors, but of temporary phenomena connected with the peculiarities of the cyclical development of the United States during this period. Furthermore, he cites the well-known fact that the processing industry is particularly "sensitive" to cyclical fluctuations and suggests that this led to the disproportionately large losses in industry in the 1970's and early 1980's--during the period of protracted economic crises (p 21).

While the absolute and relative rates of production growth in the processing industry were declining, R & D investments and expenditures in this sector of physical production had the opposite tendency, displaying stepped-up growth. For example, whereas real R & D expenditures increased by average of 2.1 percent a year between 1960 and 1972, the figure was 2.4 percent between 1972 and 1980 (p 19). During that same period the expansion of investments secured the rise of fixed capital growth rates in the sector from 3.3 to 4.5 percent and a rise in the rate of increase in capital input from 1.9 to 3.6 percent (pp 18, 19, 22).

The author says nothing about this paradoxical situation (declining production growth rates accompanied by increasing expenditures), but it is obvious that it reflected the declining effectiveness of production in the processing industry, which was, in turn, a result of the general exacerbation of the contradictions of capitalist reproduction in the United States during this period.

The deterioration of the conditions of reproduction in the 1970's and early 1980's was characteristic of the United States and of all other developed capitalist countries. In fact, the state of American industry seems relatively good in comparison to that of its main rivals. Between 1973 and 1980, employment in the processing industry in the United States rose more quickly than in all of its main rival countries, and its fixed capital growth rate was higher than theirs. Besides this, the level of labor productivity in American industry remained the highest in the world (16 percent higher than in Japan, 22 percent higher than in the FRG and 31 percent higher than in France), and the profit margin displayed a much smaller decrease than in other countries (pp 24, 25, 33).

It is quite significant that the United States also retained a colossal advantage over its rivals in the crucial sphere of industrial R & D. It is the leader in total expenditures, which are 1.5 times as high as the expenditures of Japan, the FRG, France and England combined, and in the number of scientists and engineers (there are 1.3 times as many employed in American industry as in these other countries) (p 30). The figures cited by R. Lawrence are consistent with the data of international statistics and the estimates of other authors and attest in general to the United States' retention of strong competitive positions in the world economy. Additional evidence of this (not cited by the author) can be found in the massive flow of foreign capital into the United States in the first half of the 1980's, reflecting, in addition to other factors, the "faith" of capitalists of other countries in the strength and viability of the American economy. Therefore, the author's affirmative response to the question of whether American can compete seems quite valid in general.

The effects of international competition and the world market on American industry are analyzed in a separate chapter of the book. In the 1970's, the author writes, American exports of manufactured goods increased more quickly than imports, and the U.S. share of the world trade in these goods ceased to decline. There was an increase of 18.3 percent in its positive trade balance between 1973 and 1980 (p 7). The growth of the positive balance of trade in



manufactured goods, due partially to the relatively weak position of the United States' European rivals and partially to the declining exchange rate of the American dollar, meant that international trade promoted higher, and not lower, employment in the U.S. processing industry (p 50).

In 1980, however, this balance began to move in the opposite direction. Lawrence blames this on the dramatic rise in the dollar exchange rate, which was primarily a result of the growing U.S. federal budget deficit. The author does not reveal the actual reasons for the unprecedented growth of budget deficits under President Reagan, avoiding an assessment of the role played in this process by the rapid growth of military spending in connection with the Republican administration's line of militarizing the economy.

Lawrence discusses structural changes in industry at length in the book. The author wanted to determine their relative speed and reveal the ways in which they have been influenced by international competition. Using the statistical methods of evaluation worked out by UN specialists, Lawrence concludes that the structural reorganization of the U.S. processing industry was no more impressive in the 1970's than in the 1960's and was seriously inferior in scale to the structural reorganization of the 1950's. "Therefore," he writes, "the rising unemployment in the processing industry in recent years has been connected primarily with the overall decline of employment growth rates, and not with the acceleration of structural changes" (p 8).

This is a typical conclusion for an author striving to confine the analysis of the causes of all negative phenomena in U.S. socioeconomic development to a simple numerical comparison of various macroeconomic indicators. It is indicative that in his examination of the international aspects of the problem of unemployment in the United States, the author does not say a word about something practiced widely by American corporations--the "export of jobs," or the practice of moving certain fields of production and enterprises from the United States to countries with cheaper manpower. It is no secret, however, that this practice is one of the major causes of rising unemployment in the United States.

Analyzing the effects of structural changes on employment and the level of wages, Lawrence objects to the thesis of the "erosion" of the substratum of highly paid skilled workers--the foundation of the "middle class." This thesis, as we know, was advanced recently by several prominent American economists, especially Professor L. Thurow from the Massachusetts Institute of Technology. According to the latter, the reduction of employment in such traditional sectors as the automotive and steel industries is a sign of the simultaneous reduction of high-paid jobs throughout the economy, because the rapidly growing high technology branches of the electronic complex do not need such a large skilled labor force, and wages in the service sphere are much lower than in industry. Lawrence feels, however, that the presence of this tendency is not supported by statistics.

For obvious reasons, the author also avoids analyzing the polarization of income levels in the United States in the 1980's under the influence of "Reaganomics" as a result of cuts in social benefits for low-income families, tax breaks for corporations and so forth.

Lawrence's analysis of U.S. government policy in the sphere of foreign economic relations is an interesting part of the book. Here, just as in the chapter on the structural changes in the economy, the author thoroughly analyzes the proposals of leftist liberal economists--L. Thurow and R. Reich (professor of economics at Harvard University). This time the ideas of so-called "industrial policy" are the target of his criticism.

These ideas became popular in liberal segments of the American bourgeoisie in the early 1980's as an alternative to the conservative program of "Reaganomics." They essentially advocate broader government regulation of the economy by means of an active structural policy, the establishment of a central investment bank to finance government-approved projects and the formation of tripartite commissions with representatives from labor unions, business and the government to secure a stable class peace. The plans for the implementation of the "industrial policy" are linked with the hope of a Democratic Party victory in the presidential election.

The author's position on this matter reflects the views of the grand and middle American bourgeoisie, with their extremely hostile response to the ideas of the "industrial policy." During the national debates of the 1984 presidential campaign, the proposals of the supporters of this theory (essentially liberal-bourgeois) were criticized in the reactionary American press as a "plan for the nationalization of the American economy" and even for its "socialization." It is indicative that Lawrence's position is, in many respects, a repetition of the criticism of the "industrial policy" in President Reagan's economic report to the Congress for 1985.

Therefore, the ideas expressed in this book by a researcher from The Brookings Institution--one of the analytical centers of the Democratic Party--coincide in many respects with the conclusions drawn in recent years in works by the most conservative American economists with Republican political leanings. And there is good reason for these coinciding views: They reflect the general tendency toward a "rightward shift" in the liberal wing of the U.S. science of economics and toward the unification of suggested economic recipes on the basis of a conservative consensus. In this sense, Lawrence's book is a reaffirmation of the increasing influence of conservatives in the ideological life of America today.

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BOOK ON RELIGION IN U.S. POLITICAL LIFE REVIEWED

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[Review by V. I. Borisyuk of book "Religiya v politicheskoy zhizni SShA (70-ye - nachalo 80-kh godov)" [Religion in U.S. Politics (1970's and Early 1980's)], edited by Yu. A. Zamoshkin and D. Ye. Furman, Moscow, Nauka, 1985, 224 pages]

[Text] It is customary and understandable that discussions of U.S. domestic politics concentrate on the class struggle, party politics, the balance of power in the Congress and the positions taken by labor unions, monopolistic groups and mass social protest movements. This makes it all the more interesting to read a study centering on an analysis of the political role, functions and significance of the main American religions--Protestantism, Catholicism, Judaism, Hinduism and Buddhism--and some Eastern cults.

The scientific validity and current necessity of also viewing American politics from this "religious" vantage point are indisputable. The United States is a nation of virtually universal (94 percent) "belief in God" (p 9). From the very beginning, there has been a particularly close connection between religion and sociopolitical development here (a reminder of the role of the "Protestant ethic" in the cultural development of the nation should suffice).

Soviet researchers of American affairs have conducted many studies of issues connected with religion in the United States. Usually, however, they have analyzed the extremely politicized religious-social currents (for example, Zionism, the Black Muslim movement and so forth), which certainly do not provide a complete picture of the role and status of different religions, not to mention their significance in U.S. politics.

The work under review is almost the first in our literature to reveal the general, methodologically important aspects of this subject matter and to provide us with more information about political processes while simultaneously aiding in the comprehension and assessment of the changes in the political activity of American churches in the 1970's and 1980's.

The latter is probably the most important consideration in a review of the book. The fact is that the clerical invasion of politics during this period

acquired such large scales and such depth and was accomplished in so many forms that it quite justifiably raised the question of an ideological-political crisis in the United States, during the course of which religious thinking, ethics and sociopolitical doctrines were transformed, in the same way as heresies at turning points in the Middle Ages, into alternative modes of political thinking. In the United States today, the church, which is separated from the state, has begun to usurp secular prerogatives, the question of establishing a "religious government" almost became the central topic of political debates during the 1984 campaign, and ecumenical tendencies have taken extremely unexpected forms: The theological and ritualistic differences between churches are being submerged under their common position on sociopolitical matters.

It is to the authors' credit that they, while adhering to a common methodological format in the analysis of each religion and citing many examples to demonstrate the distinctive features of the political activity of churches in U.S. domestic affairs in the late 1970's and the 1980's, provided us with a better understanding of the nature and scales of the sociopolitical changes in the American society, which have spread to literally all spheres of American life.

The integrity of the work and of the authors' intention did not keep them from singling out the most significant of today's features in each of the religions they examine. They make important and interesting comments--although they are quite concise and sometimes, regrettably, consist only in a single statement--about matters with no direct relationship to the subject matter of the book: the cyclical nature of religious processes, the mechanism of centripetal tendencies in U.S. politics, the exceptionally "assimilated" nature of American society and so forth. This, in combination with the informative and thoroughly researched narrative and the thorough analysis of the general and particular aspects of this subject matter, makes the book a valuable and solid scientific work.

The authors were unable to discuss every aspect of this subject matter completely or to analyze everything in equal depth. They provide their own list (p 224) of the issues and topics not covered in the book. This could probably serve as an outline for a future study.

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## REFORM OF U.S. MILITARY COMMAND STRUCTURE DESCRIBED

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[Article by Yu. V. Katasonov]

[Text] The current U.S. administration's policy line of confrontation and efforts to become militarily superior to the USSR will inevitably come into conflict with reality. Even in the United States this policy is being questioned and is losing support. This is forcing its supporters to resort to tricky maneuvers.

The mounting opposition to the further growth of the military budget was a sign of the exacerbation of conflicts in U.S. ruling circles over matters of military policy. Critics of the administration's military policy in Congress have logically pointed out the fact that the unprecedented growth of military expenditures in recent years has been the main cause of the unprecedented federal budget deficit, which exceeds 200 billion dollars, the growth of the public debt to the astronomical sum of 2 trillion dollars, and the cuts of tens of billions of dollars in social programs. Nevertheless, the squandering of government funds by the Pentagon and the military-industrial companies, a practice for which they have long been "famous," has now acquired truly fantastic dimensions.

To breathe life into the militarist policy, U.S. ruling circles are trying to curb extravagance and promote the more efficient functioning of the military machine and expenditure of budget funds. In this context, they want to "update" and "improve" the mechanism for the planning and pursuit of military policy, the organization and implementation of arms programs and the compilation and approval of the military budget. These matters have been the subject of intense political debates in recent years, and Washington is now taking action to solve these problems in connection with the so-called military reform.

### Steps Along the Road to Reform

At the start of the October 1985 hearings before the Senate Committee on the Armed Services on "the organization and procedure of decisionmaking by the Defense Department and the Congress," its chairman, rightwing conservative

veteran Senator B. Goldwater, said that "for the first time in 30 years Congress intends to conduct a serious analysis of the structure of the armed forces" of the United States.<sup>1</sup>

By the end of November 1985 the House of Representatives had already passed a bill on the reorganization of the Joint Chiefs of Staff (JCS), which envisages the major redistribution of functions within the system of the supreme U.S. military command. It is chiefly aimed at considerably augmenting the role of the chairman of the JCS.<sup>2</sup> Earlier, in June 1985, President Reagan appointed a commission of 15 to analyze shortcomings in Pentagon management and to investigate cases of extravagance in connection with defense contracts. D. Packard, the head of a large military-industrial company and the former deputy secretary of defense (in 1969-1971), was appointed its chairman. The commission was supposed to prepare a report and recommend ways of improving the Defense Department purchasing system.<sup>3</sup>

This is how Washington's heightened interest in the military command structure [voyennoye upravleniye] is explained by recognized authorities in this field--six former secretaries of defense: R. McNamara (1961-1968), C. Clifford (1968-1969), M. Laird (1969-1973), E. Richardson (1973), J. Schlesinger (1973-1975) and H. Brown (1977-1981). In the introduction to the report "Toward a More Effective Defense," published in February 1985 by the Georgetown University Center for Strategic and International Studies (it served as one of the bases for the congressional discussion of these matters), they write: "The earlier consensus on increases in U.S. military spending is suffering from erosion. Just as they did in the early 1970's, most Americans again believe that too much is being spent on defense. To a certain extent, this is an apparent reaction to the considerable growth of the military budget of Reagan's administration during his first term and to the anticipated future growth of the budget deficit. The erosion of the consensus on defense matters also reflects, however, the widespread dissatisfaction with the management of the resources used for defensive purposes.... There is a solid basis for this public concern: There are serious defects in the organization and administrative procedures of the defense establishment."<sup>4</sup> This concern is not confined to the average American, who receives not "stronger national security," but the increased danger of nuclear war, a lower standard of living and chronic high unemployment in exchange for the taxes he pays. The anxiety is also characteristic of more and more members of ruling circles, who are realizing the political dangers of an unrestricted arms race and the negative effects of colossal military expenditures on the economy and the social atmosphere in the country.

The authors of this report (and they are mainly supporters of the use of force) stress that "without effective policies and administration, no level of military spending in peacetime will be high enough to satisfy national defense needs."<sup>5</sup> Even President Reagan eventually had to admit the severity of this problem, although in a purely specific and militaristic context. "Unless we first curb the unrestrained growth of military program costs," he said in February 1986, "we will never be able to restore America's strength."<sup>6</sup>

In recent years the thesis of the urgent need for military reform has become the common platform of the Pentagon's critics, who represent quite diverse but

generally quite influential U.S. groups. In essence, the thesis is that the augmentation of military expenditures and weapons (a priority of the current administration) cannot in itself guarantee effective military strength and its effective use. This can only be done through the balanced development of all elements of the military machine, including personnel with the required qualities, the proper material and technical support and so forth, but the main thing is a politically sound and realistic strategy. This, in turn, the supporters of military reform assert, will necessitate the reorganization of the military policymaking and policy implementation mechanism, the reorganization of the military decisionmaking and decision implementation system.

The extensive discussion of these matters, which has already been going on for 4 years in the United States, was begun by former JCS Chairman D. Jones. When he retired in 1982, he pointedly criticized the body he headed as an anachronism and suggested its reorganization.<sup>7</sup> It must be said that the idea of stronger individual command of the military, resting on a body of the general staff category, was first brought up in the United States back in the 1930's, after groups of American officers trained with the German Wehrmacht. After the war this problem was discussed repeatedly by U.S. politico-military groups, and some attempts were made to solve it. Each attempt, however, was opposed by influential groups. Some were afraid that a change in the status quo would cause them to lose their privileges, and others mistakenly believed that this could lead to the further reinforcement of militarism's influence in the country. In the 1980's the same idea began to be portrayed as a method of making military administration "more efficient" by heightening the effectiveness of military spending and the impact of the political use of American military strength.

The statements by D. Jones and other experts were supported by politicians--first by the Democrats who used this topic to criticize the Reagan Administration. The credit for the use of the idea of military reform as a political slogan belongs to Senator G. Hart, one of the main contenders for the Democratic presidential nomination in the 1984 campaign. The military reform became an important item on the campaign agenda. By this time it had also aroused the interest of Republicans. During Reagan's second term, both the legislative and the executive branches of government had to give it serious consideration.

The armed services committees of both houses of Congress became the centers of activity in the congressional preparations for the military reform. These committees advocated the reorganization of virtually all links of the military command structure and the organization of the regular operations of the armed forces--from the Pentagon to the Congress. They focused their attention, however, primarily on the matter with the greatest variety of political implications--the reorganization of the JCS.<sup>8</sup> The administration, on the other hand, chose not to aggravate its relations with high-level military officials and tried to divert the discussion of the military reform to a peripheral issue--the infuriating shortcomings in Pentagon purchasing policy. These different approaches to the reform reflect the struggle between two positions in U.S. ruling circles on a broader range of military policy issues. The administration is now trying to find some kind of compromise, as it has in other controversial matters, and to gain bipartisan support. Its favorite tactic in these

cases consists in the creation of special prestigious commissions to seek a basis for compromise. Some examples are the Scowcroft Commission, which recommended guidelines for the development of strategic forces, the Kissinger Commission, which proposed certain approaches to U.S. policy in Latin America, and others. This is the reason for the creation of the presidential commission on military program oversight (the Packard Commission).

#### The Report of the Center for Strategic and International Studies

The discussion of the military reform in official bodies has been based on a large quantity of reports on the topics of debates, including several special studies. The report "Toward a More Effective Defense" is prominent among them. This is the result of a year and a half of work by a group of analysts (the Defense Organization Project) at the Georgetown University Center for Strategic and International Studies. The influential Roosevelt Center for American Policy Research was also instrumental in the compilation of the report. The significance of the work is attested to by the fact that it was financed by two of monopolist capital's largest organizations--the Ford and Rockefeller foundations.<sup>9</sup> Around 70 former administrators and top-level officials from the Defense Department, retired generals and admirals and current members of both congressional houses were asked to work on the project. The chairman of the committee preparing the final draft of the report was F. Oudin, a former high-ranking National Security Council (NSC) staffer, and his vice-chairmen were M. Laird and E. Goodpaster, the former supreme allied commander of the NATO forces in Europe. The project's working groups were headed by E. Mayer--former chief of Army staff, J. White--former assistant secretary of defense, J. Gensler, former deputy assistant secretary of Defense, and E. Rivlin--former director of the Congressional Budget Office. The members of the committee and the groups and others who worked on the project also included J. Schlesinger--former secretary of defense, L. Aspin--current chairman of the House Committee on the Armed Services, senators S. Nunn, W. Cohen and N. Kassebaum, congressmen N. Gingrich and S. Stratton, former JCS chairmen D. Jones and T. Moorer, former under secretaries of defense R. Ellsworth, R. Komer and W. Perry, G. Train--former chief of the Atlantic Command of the U.S. Armed Forces, B. Scowcroft--former presidential adviser on national security, D. Rice--president of the RAND Corporation, S. Huntington--director of the Harvard University Center on International Relations and former NSC adviser, E. Diegel--director of the Rockefeller Foundation Department of International Relations, R. Woolsey--former under secretary of the Navy, N. Augustine--former under secretary of the Army, and others.<sup>10</sup> The compilers of the report tried to perform the impossible task they had been assigned: to suggest ways of continuing the arms race and using military strength to the political advantage of the United States.

Avoiding a thorough analysis of the basic international political and strategic problems, they proceeded from the extremely oversimplified (and therefore false) assumption that the main causes of the problems the United States is now encountering in the sphere of military policy are of an organizational nature: the failure to complete the reform of the Defense Department, which was begun by the Eisenhower Administration in 1958, and the reforms of the 1960's (McNamara's "administrative revolution"). The most glaring organizational defects today are, in the opinion of the authors of the report, the following:



The existing collective system of top-level military command in the form of the Joint Chiefs of Staff (the members of which are the chairman and the chiefs of staff of branches of the armed forces) does not secure the proper performance of its functions of advising political leaders on the planning of military preparations and the operational command of the armed forces. There is also not enough individual authority on the level of the unified and specified commands (organized respectively on the basis of the geographic or functional principle and made up of components of different branches of the armed forces), the commanders of which never were given full authority over the forces under their jurisdiction (although this was envisaged in the 1958 reform);

The Defense Department staff does not give the secretary the necessary assistance in the performance of his main function--the making of policy and directives in the sphere of military organization and resource distribution, because its activities concentrate on the preparation of data on program "input" (budget allocations, personnel and so forth) instead of "output" (potential for the attainment of military objectives). As a result, the Defense Department program reflects primarily the positions and interests of different branches of the Armed Forces and is not sufficiently balanced from the standpoint of the objectives of the Armed Forces as a whole and the needs of specific theaters of military operations;

Military administrative procedure is excessively complicated and unwieldy. This causes decisionmakers--both military and civilian--to spend too much time and effort examining the details of programs instead of larger issues.

The recommendations in the report stipulate several areas of reorganization.

The main new suggestion concerns the considerable augmentation of the JCS chairman's role. It recommends that he be assigned the functions of the chief presidential military adviser and a Defense Department and NCS adviser. The present JCS staff will be under the direct command of the chairman, and the JCS itself will be retained as an advisory body with extremely limited powers. As a result, the JCS chairman should become the main person involved in the planning of military preparations and the command of combat operations.

Effective measures have been recommended for the enforcement of a statute, which has been in effect since 1958, stipulating that the commanders-in-chief of unified and specified commands will have the right to exercise the "complete operational command" of the forces at their disposal--Army, Navy and Air Force. The report also recommends the augmentation of the peacetime role of these commanders in the distribution of the resources needed to fill the operational requirements of the forces under their jurisdiction, particularly through the creation of a separate program and section of the military budget on the "maintenance of combat readiness." The interests of the commanders-in-chief in the Defense Department Committee on Resources and then in Congress should be represented by the JCS chairman. In this way, in addition to exercising authority in the sphere of operational command, he should acquire additional authority over unified and specified commands with regard to their financing and material support. On the whole, the recommended changes in the functions

of the top-level military leadership would considerably strengthen individual authority in all spheres of military preparations and the use of armed forces in combat. This would enhance the political role of the military even more and give it more influence in military, foreign and even domestic policymaking.

The most important of the measures connected with the reorganization of the Defense Department is the recommended change in the office of the under secretary of defense for policy. Its structure is to be organized in accordance with strategic aims. Instead of the two present assistant secretaries of defense (for international security affairs and for international security policy) in the under secretary's office, he is to have three assistants: for strategic nuclear forces (including the use of space for military purposes); for NATO and forces for the European theater; for regional affairs (with the functions of planning forces for the Pacific, Middle East and Persian Gulf, Latin America, and other Third World regions, and coordinating military assistance programs and special counterinsurgency operations). In this way, according to the authors of the report, the under secretary of defense for policy, who is responsible for drawing up the document on "defense postures" (which serves as a guide for the compilation of specific programs for the development of forces and the creation of weapons systems), will be able to exert more purposeful influence on the military program in accordance with the administration's chief politico-military aims and will have more opportunity to integrate the programs of different branches of the Armed Forces.

To heighten combat readiness, a third under secretary of defense--for combat readiness and personnel affairs--is to be appointed in addition to the two existing under secretaries (for policy and for research and engineering).

A special group of recommendations covers administrative procedures in the Defense Department, especially the planning, programming and budgeting (PPB) system. In particular, the following changes are to be made in the "planning" stage:

The JCS chairman will draw up (with the aid of chiefs of staff) recommendations on the composition of forces within the bounds of realistic estimates of present and future resources;

The under secretary of defense for policy will play a more important role in planning, and his duties will include the drafting of plans capable of serving as a more realistic basis for the distribution of resources.

The "programming" and "budgeting" stages are to be combined in such a way that they secure, on the one hand, the special-program orientation of decisions and, on the other, their direct relationship to the budgeting process. This change should simplify the process and make it more goal-oriented.

The recommendations also call for the addition of a new stage to the PPB system--the stage of "evaluation," during which the work on programs is to be evaluated on the criteria of expenditures, deadlines and tactical-technical characteristics. For this purpose, measures have been proposed to improve the system of records and accounts and of administrative information in general.

Several recommendations concern the process of acquiring weapons systems. The defects of administration in this sphere in the United States are particularly well known: These are huge overexpenditures, violations of program schedules and low (in comparison to projections) tactical-technical parameters.

Of course, the actual scales of all of these defects in each specific case are often difficult to determine. The fact is that rival political groups in the United States try to make use of these cases not only to reveal the real state of affairs, but also to create an alarmist atmosphere and to escalate the arms race. It is an irrefutable fact, however, that today, now that the growth of the military budget is being opposed, U.S. ruling circles feel it is particularly important to gain a maximum return on the funds spent on arms production. In no other sphere of military activity have so many measures been taken to correct the situation; but the problems still exist. This is not surprising, because the main participants in the process--both the contractors, the firms producing the weapons, and the clients, the military agencies--have no interest in changing the process. With a view to the sad experience of earlier reforms, the authors of the report confined themselves to a minimum of recommended major changes in the arms purchasing system. One envisages the compilation of a departmentwide long-range (15 years) investment plan. The purpose is, first of all, the integration of long-range plans for the acquisition of weapons systems (drawn up by different branches of the Armed Forces) with general strategic aims and, secondly, the assessment of projected resource requirements and the possibilities for their attainment.

Another recommendation should heighten the stability of military programs. This goal should be served by, in addition to the long-range investment plan and the 2-year budget cycle (which will be discussed below), the stricter control of work on programs and the imposition of limits on changes in programs. Another recommendation concerns the use of incentives to lower costs in the arms acquisition process. They include the establishment of conditions for competition by contractors in all stages of work on military programs; a higher profit margin for contractors as a reward for lower costs; the authorization of branches of the Armed Forces to use the economized funds to increase the quantity and improve the quality of the same weapons system; broader opportunities for the training and professional advancement of people engaged in the administration of weapons system acquisition; the use of the cost of a single weapon or piece of military equipment as the main design criterion.

The creation of the necessary conditions for the discussion of major problems in politico-strategic priorities and the distribution of resources is known to be the main part of the decisionmaking process in Congress. To this end, the recommendations stipulate, first of all, the substitution of a 2-year budget cycle for the annual budget; secondly, the more precise separation of the functions and powers of committees on the armed services (authorizing the programs) and committees on military appropriations (allocating funds from specific budgets). Ideally, the authors of the report say, these committees should be replaced by one committee on the military program in each house. They feel, however, that this is politically impracticable at this time.

Therefore, the analysis of the situation and the content of the recommendations presented in the report "Toward a More Effective Defense" leave no doubt that

its authors realize the seriousness of the problems the United States is encountering in the pursuit of its militarist policy. They are not trying to solve the problems by suggesting the abandonment of this policy, however, but by trying to "modify" it and make it more "efficient" with the aid of organizational changes.

#### Differences of Opinion on the Reform and the Recommendations of the Packard Commission

What are the prospects for the implementation of all these recommendations? The authors of the report feel that now "the chances of accomplishing a defense reform are much greater than at any other time since the reorganization conducted by President Eisenhower in 1958." They feel that the reason for this lies, on the one hand, in the increasing awareness in the United States, including the Congress and among the administrators and experts in military agencies, of the need for reform and, on the other, in the fact that the recommendations themselves are of a strictly pragmatic and extremely "moderate" nature, which makes them sufficiently realistic from the political standpoint.

How valid is this optimism? An indicative episode took place when the report was being drawn up. The president of the Center for Strategic and International Studies, A. Jordan, asked three high-level political and military leaders for their opinion of the project: former Secretary of Defense J. Schlesinger, retired General B. Scowcroft and retired Admiral T. Moorer. Whereas the first two expressed doubts or objections with regard to specific recommendations but supported the basic ideas in the report in general, Moorer had an extremely negative reaction to it. He vehemently rejected the idea of reorganizing the top-level military command structure--the change in the role of the JCS and the heads of unified and specified commands. He argued that the "greatest effectiveness" would be secured not by reorganization, but by "the appointment of good personnel and the precise definition of authority, responsibility and accountability." This incident can be viewed as a fore-runner of the disagreements and conflicts accompanying attempts to take action on the recommendations in this report (and other such reports).

This is also attested to by the discussion of the organization of military decisionmaking in the Congress. On the one hand, the House of Representatives categorically supported the change in the highest level of the military command structure in line with the report's recommendations. In accordance with the bill passed by a vote of 383 to 27, the JCS chairman should become the chief adviser to the President and secretary of defense, should have the power to make recommendations on the annual defense budget (which is now the function of the secretaries and chiefs of staff of different branches of the Armed Forces), and should have jurisdiction over the Joint Staff, the chief of which will be the deputy chairman of the JCS. The legislative confirmation of a practice of long standing, in accordance with which the JCS chairman is the third in command, after the President and the secretary of defense, in the system of national military leadership, is extremely important; furthermore, the other two have the right to delegate him the authority of the operational command of the Armed Forces.<sup>11</sup> This actually confirms the prerogatives of the JCS chairman to make the most responsible politico-military decisions--up to the use of nuclear weapons.

On the other hand, the opponents of the reform are not giving up either. In the Senate Committee on the Armed Services there were objections to unsound and excessive interference in the affairs of the Armed Forces. The Pentagon and the military-industrial firms backing it up are quite stubbornly resisting any kind of serious changes. They are afraid that the reform could cause them to lose their privileges, including those connected with the distribution of defense contracts. Addressing the Senate Armed Services Committee, which is general quite well-disposed to the Pentagon, Secretary of Defense C. Weinberger entered into a fierce confrontation with its members over the projected reform. He declared that he could agree to only half of the changes proposed by the committee. The Pentagon chief was most resolutely opposed to the key point of the reform--the loss of the JCS's status as the supreme organ of military command. Weinberger proposed that departmental favoritism be combated by appointing "competent and responsible people" to the JCS.<sup>12</sup>

There are also conflicts over the military reform in the administration. Most of them are disagreements between the Pentagon and the White House Staff.<sup>13</sup>

The change in the domestic political situation, especially the exacerbation of the President's disagreements with the Congress over the further growth of the military budget, has forced the administration as a whole to take a tolerant and even active stance on the military reform. It is trying to portray its consent to the reform as its willingness to cooperate with Congress on matters of military policy, hoping that the legislators will approve Pentagon budget requests in exchange. The obvious change in the administration leaders' attitude toward the Packard Commission is indicative in this context.

It was created with obvious reluctance. The submission of its report was first scheduled for June 1986.<sup>14</sup> However, in connection with President Reagan's extensive political campaign for the congressional approval of his budget requests for military allocations in fiscal year 1987, the commission had to prepare the report 3 months earlier. In his televised speech of 26 February 1986 (considered to be the start of the campaign), Reagan was already referring to the Packard Commission's findings and using them as one of his arguments in favor of his defense budget. "In the areas where the reform of defense activity is required, we will carry it out," the President solemnly promised millions of Americans. "Whatever recommendations the commission makes on increasing the effectiveness of the administration, I will act on them, even if they are contrary to the wishes of firmly entrenched bureaucrats and special interest groups."<sup>15</sup> After the report was officially submitted to Reagan at a special ceremony in the White House on 28 February 1986, Weinberger, who had stubbornly objected to the creation of the commission earlier, took an extremely neutral position, saying that he had "no objections" to the report.<sup>16</sup>

Even the first statements by the administration's spokesmen, however, indicated that it was still inclined to pay attention only to recommendations on arms purchasing methods. In fact, the conclusions of the commission's report transcended its assigned functions and approached the issues of the military reform which were being discussed by the Congress and were examined in detail in the report "Toward a More Effective Defense." Therefore, it is possible that the results of the Packard Commission's work could create additional difficulties for the administration.

First of all, it is hardly likely that the master of the White House and the Pentagon chief were pleased when Packard said at a press conference that the group of reforms proposed by his commission would reduce the military budget by tens of billions of dollars. They were probably also not happy about the report that the cases the commission had investigated involving the payment of exorbitant sums for weapons by the Pentagon, cases which acquired scandalous notoriety, were nothing--after all, this was a matter of only a few million dollars!--in comparison to the extravagance engendered by the entire purchasing system, which stimulates rising costs by its very nature.

The report acknowledges that there are "valid grounds for dissatisfaction" with the purchasing system, because the production of weapons "costs too much and the weapons systems too often do not perform as promised or as expected."<sup>17</sup> The commission (just as all of its predecessors) found the main causes in organizational problems: the excessive complexity of structures and procedures, their inflexibility and inefficiency, the sharing of responsibility and duplication. The socioeconomic factors of extravagance (and they are indisputably of the greatest significance) remained outside the sphere of examination again, because they have always been "off limits" even for a body as high-placed as a presidential commission in the United States.

In general, the tone and contents of the Packard Commission's report leave no doubt that it expresses the views of confirmed supporters of power politics trying to make another attempt to reach their goals in the arms race--this time by concentrating on the more efficient functioning of its mechanism. This is not surprising in view of the fact that the head of the commission is a prominent member of the military-industrial complex and was for many years the co-chairman of the notorious Committee on the Present Danger, which made a great "contribution" to the subversion of detente and to the U.S. move toward confrontation at the turn of the decade. We can only assume that President Reagan knew the right person for this delicate mission and that the commission was able to "get in step" with him in line with the administration's militarist policy. But the report also expresses the wishes of influential groups wanting "more thunder" for the hundreds of billions of dollars the Pentagon spends each year.

The main recommendations of the commission are the following:

The concentration of all military purchasing authority in the hands of an under secretary of defense for research, engineering and arms purchases, and the creation of similar offices in the branches of the Armed Forces;

The expansion of the system of purchases for many years in advance and the institution of "basic" agreements between military agencies and contractors for several years in advance on weapon requirements, production schedules and costs. The purpose of these measures is the heightened "stability" of work on military programs;

The institution of the long-range planning of military budgets, including the establishment of presidential limits on military spending in the next 5 years and the elaboration of military strategy by the JCS chairman within the realistic financial bounds of these budgets;

The congressional approval of military budgets not annually, but once every 2 years, with the concentration of congressional attention not on the discussion of details of programs, but on strategy and the use of armed forces;

The establishment of the new position of deputy chairman of the JCS, representing the interests of the heads of unified and specified commands, to assist the chairman in making decisions on some branches of the Armed Forces.

Some of these recommendations, particularly those contributing to the perpetuation ("stabilization") of the arms buildup process, certainly appeal to the administration and the Pentagon. Others, especially those concerning the reorganization of the JCS, were contrary to their wishes, as mentioned above. For this reason, the appearance of the Packard Commission report did not shed any light on the kind of compromise various political forces in Washington could reach on the military reform. Its appearance did prove, however, that the reform is acquiring tangible outlines and is approaching the stage of action.

Another important step in the same direction was the unanimous approval of the bill on the reorganization of the supreme military command structure by the Senate on 7 May 1986. Just as in the bill the House passed at the end of 1985, the key point in the Senate bill gives the JCS chairman the status of the President's chief military adviser and simultaneously reduces the role of the JCS itself and its members. Other provisions in the bill include the augmentation of the role of the heads of unified commands, the creation of the positions of deputy chairman of the JCS and under secretary of defense for purchases, the simplification of the process of the congressional discussion of military budgets and military policy, and so forth. It also envisages the reduction of the number of administrative personnel in the Defense Department and the Armed Forces by almost 18,000, or around 10 percent.<sup>18</sup>

Obviously, in view of the extremely limited impact of reorganizations of this kind in the past, there is no reason at this time to discuss any kind of serious results of the reform. It is significant, however, that the nature of the problems U.S. ruling circles are trying to solve, and the implications of the possible solutions, testify that the American military-industrial machine is not preparing to slow down, but, on the contrary, is striving to accelerate its dangerous progression.

#### FOOTNOTES

1. ARMED FORCES JOURNAL, October 1985, pp 4, 5.
2. Ibid., p 22; THE NEW YORK TIMES, 21 November 1985.
3. ARMED FORCES JOURNAL, August 1985, p 16.
4. "Toward a More Effective Defense. The Final Report of the CSIS Defense Organization Project," Wash., 1985, p V.
5. Ibid., p 55.

6. THE WASHINGTON POST, 27 February 1986.
7. THE WASHINGTON TIMES, 12 March 1986.
8. ARMED FORCES JOURNAL, May 1985, p 12.
9. "Toward a More Effective Defense," p 37.
10. Ibid., pp 60-66.
11. THE NEW YORK TIMES, 21 November 1985.
12. THE WASHINGTON POST, 19 November 1985.
13. THE WALL STREET JOURNAL, 12 November 1985.
14. THE NEW YORK TIMES, 21 November 1985.
15. THE WASHINGTON POST, 27 February 1986.
16. Ibid., 1 March 1986.
17. Ibid.
18. THE NEW YORK TIMES, 8 May 1986.

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