

Clinton Conversion Plan Is Off Base

By Seymour Melman

DESPITE PRESIDENT Bill Clinton's dramatic announcement of a five-year plan to help the country convert from a defense-oriented economy to a civilian one, the administration hasn't begun to cope seriously with this very important issue.

Clinton proposes spending several billion dollars over five years on programs such as grants for development of "dual use" technologies with military and civilian application, displaced worker training, accelerated retirement plans for defense personnel, and the use of retired military personnel in communities and schools.

Unfortunately, the plan fails to take into consideration some crucial facts about conversion:

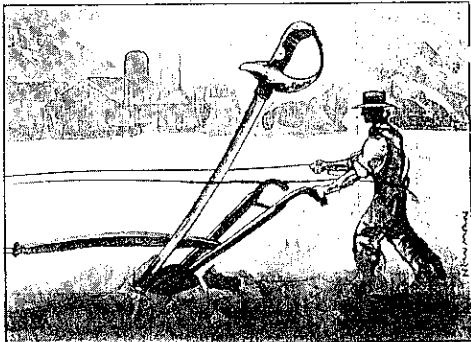
- Conversion planning can benefit from the input of management and labor. Top managers of major defense-oriented enterprises have opposed conversion planning. Their expertise is in dealing with the Pentagon, not in designing, producing and marketing civilian products. The interest of working people is in long-range competence, as against short-term profits.
- Advance planning is vital to avoid the wastes of "crash" operations. A change in production sensibly requires two years of planning time. Military base conversion is a regional planning operation. Conversion of a laboratory requires thoughtful matching of technical capabilities with a list of projects important to a wider community.
- Planning for economic conversion must be decentralized. Our facility with computers, communication and transportation systems leads many Americans to be overconfident about the ability of corporate and government managers to oversee efficiently far-flung, diverse production operations. The waste and inefficiency of attempting this can be enormous. In the Pentagon's world of cost-doesn't-

matter, for example, the cost of the B-2 bomber is greater than its weight in gold.

The Clinton plan ignores these vital considerations. It has no provisions for advance notification of major contract terminations or for advance planning of conversion in factories, bases or laboratories. Neither has any attention been given to the vital retraining of military industry managers and engineers — for unlearning the ways of cost-maximizing. There is no income support during conversion, and no relocation allowances.

The Clinton administration has bought the "adjustment" perspective of the Bush White House and Pentagon, as detailed by Les Aspin while chairman of the House Armed Services Committee. Firms and communities must "adjust" to defense cuts, with emphasis on individual responsibility. Hence the \$1.6 billion voted by the last Congress will be spent mainly for job retraining (but which job?), benefits to ex-servicemen and women, grants to local governments hit by base closings and, above all, \$845 million for dual-use technology. There is no trace of mandatory management-labor planning or of decentralized control.

A serious flaw in the Clinton proposal is the president's unqualified confidence in "dual-use" technologies. He has announced substantial funding for the Pentagon's Defense Advanced Research Project Agency to promote these technologies and a national 800 number for reporting new "dual-use" ideas. The trouble is, military and civilian criteria are typically contradictory in industrial production.



Newsday / Bob Newman

For example, vehicles driven by civilians are designed to require minimum maintenance and fuel use, and to function reliably between scheduled maintenance sessions. Vehicles designed for use on the military side require massive amounts of maintenance owing to their complicated mechanisms — the normal product of cost-maximizing design.

Recall that the Soviet industrial economy was an exercise in dual-use. Soviet military industry was directed to produce civilian products as an add-on to military work. The result was civilian products awkwardly designed to withstand military conditions.

Conversion gives the country a chance to shift to civilian production and, in doing so, to end the breakdown in production in many American industries. But if the Clinton plan becomes reality, this opportunity will be lost. On a scale of A to F, I grade the administration a D.



Seymour Melman is professor emeritus of industrial engineering at Columbia University and chairman of the National Commission for Economic Conversion and Disarmament.