



THE DEFENSE MONITOR

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Defense Monitor in Brief

- **The Senate is voting this spring on whether to approve the addition of Hungary, Poland, and the Czech Republic to the North Atlantic Treaty Organization (NATO). The Clinton Administration is rushing the vote so that the accession of the new nations coincides with the Alliance's 50th anniversary in 1999.**
- **There has been virtually no public debate and little media coverage of the issue. Polls indicate the American public knows little, if anything, about the details of the proposal.**
- **Nobody knows how many countries will be admitted in the end, and what the costs of this operation will be. Estimates for just the first three countries alone range from \$1.5 billion to \$70 billion, and another 24 countries of the Partnership for Peace (PfP) may be eligible for admission.**
- **NATO expansion does not solve main security threats to the United States today, such as Russia's vast nuclear arsenal or proliferation of the weapons of mass destruction. On the contrary, it jeopardizes our cooperation with the one country which is crucial for solving these problems: Russia.**

NATO Expansion: Full Speed Ahead -- But To Where?

On January 27, 1998, President Clinton delivered his annual State of the Union address. When referring to Social Security and education, he challenged all Americans to "form a true consensus on how to proceed," "face issues squarely," and "start conducting nonpartisan forums." The President's admirable support for participatory democracy, however, seems to be reserved for domestic issues. This is particularly troubling because one of the Administration's top foreign policy proposals is the plan to expand the North Atlantic Treaty Organization (NATO), a project with far-reaching strategic implications for every American. Unlike Social Security or education, the Administration plans to ram the NATO expansion issue through the Senate and past an unsuspecting

public, although -- or precisely because -- it entails dubious benefits and creates innumerable problems for the United States.

Despite feel-good proclamations of "embracing our partners" and "extending democracy to Central Europe," NATO expansion essentially represents an extension of the U.S. military protection to three new nations in Central Europe. The Czech Republic, Hungary, and Poland have been selected in the first round. But

as expansion has gone forward, there has been little, if any attempt to examine the continuing need for such a Cold War military alliance or what its new purpose might be in the current and foreseeable international security environment.

The expansion of the NATO military alliance has serious implications for all parties involved: the United States, our current allies in NATO, the prospective members in Central and Eastern Europe, and

Question:

How long did Gen. Eisenhower intend to keep the U.S. involved in Europe through NATO?

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Russia. Before the Senate makes a decision, the public should understand and accept not only the political, economic, and military risks involved in the Administration's plan but also the probable high financial costs.

Financial Costs of NATO expansion

Why does the expansion of NATO cost money? The militaries of the potential members are largely equipped with old Soviet-era weapons that will have to be replaced. Proponents of NATO membership in the former Warsaw Pact countries argue their national armies must be compatible with the communication, navigation, and defense systems of NATO nations if they are to be fully integrated partners. But achieving this level of interoperability requires the purchase of costly Western-manufactured weapons and support equipment.

One of the few points on which most current and potential NATO members agree is that the new allies should bear the largest portion of accession costs. What is still unclear, however, is how much modernization is required in the potential new members' militaries and whether and how much of the money required for these changes will be made available from current NATO members individually and from the Alliance as an entity.

The potential new members loudly pronounce their willingness to pay, but in reality they have few resources to do so. All are undergoing a transition from centrally planned economies to the market system. Their wealth is growing but not without wild fluctuations that make sound planning difficult. A recent crisis in the Czech Republic, for example, forced economists to revise their

forecasts for the growth of the gross domestic product from a 4 percent year-to-year increase to slightly more than 1.5 percent.

NATO's own methodology for dividing the shared costs reveals the Alliance's lack of faith that the potential future allies will contribute significantly to the Alliance's finances. NATO uses a formula for setting each country's individual contributions to common funds, which depends partly on each nation's ability to pay. NATO agreed that the new members should contribute about \$72 million a year, slightly over 4 percent of the common budget. At the same time, the new members will receive on average \$150 million a year from the same funds, thus consuming twice as much as they are expected to contribute.

NATO Estimates

In December 1997, NATO issued its own estimate of the total 10-year cost of admission of Poland, Hungary, and the Czech Republic to the Alliance: \$1.5 billion. But evidence indicates that this \$1.5 billion will fall well short of covering costs of all the modernization planned for Central and Eastern Europe. Although the details of the estimate are classified (contrary to earlier promises by NATO that it would be "open and scrutinized"), it is known that it covers the costs of infrastructure improvements, such as training and storage facilities, communication lines, and air defense systems. But NATO's own studies document deep deficiencies in these capabilities, so deep as to question the basis of the NATO estimates.

NATO's confidential reports, recently published in *Defense News*, a military trade publication, clearly portray the Central European military equipment as old or close to obsolete and incapable of joint operations with present NATO members. Other internal documents obtained by CDI cite examples of inadequate language

training in the candidate nations and attempts to "window dress" such shortcomings in the race to qualify for membership. Given the candidates' modest means and a low \$1.5 billion allocation from the Alliance, it is unclear how these kinds of problems can be solved. The low NATO estimate raises suspicions that it was politically motivated and intended to dispel the fears of lawmakers in national legislatures who worry that NATO expansion will cost the current allies the proverbial arm and leg.

Weapons Costs

Still another major source of concern are the costs completely left out of NATO's estimate. The most expensive items -- actual weapons -- were excluded from the study. In Poland, modernization plans for the army alone are estimated to cost between \$1.5 billion and \$11 billion. Such costs are expected to be borne by the aspiring members themselves. The economic realities in the candidate countries, however, do not

"We could well be driving Russian foreign policy in a direction decidedly not to our liking. There are many issues out there on which Russian cooperation is essential. I have in mind nuclear weapons stockpile reductions, nuclear non-proliferation, environmental pollution, conventional arms control and sales, access to new oil resources, strategic relationships in the Middle East and the Far East, and the success or failure of a series of treaties, either signed or on the table."

VADM John J. Shanahan, (USN - Ret.), Director, Center for Defense Information (1995 - 1998) at the Senate Foreign Relations Committee hearing, November 5, 1997.

allow for a radical revamping and upgrading of their arsenals.

Poland is not alone in facing a huge military modernization effort. The Czech Republic announced plans to buy as many as thirty advanced fighter aircraft. One F-16 Falcon, the airplane often cited by the Czechs, costs \$21 million; thirty would cost \$630 million. The entire Czech defense budget in 1997 was \$826 million, of which only a small part was dedicated to new procurement. Most of the military budget went to pay for wages, pensions, food, and clothing. Given these realities, even proceeding gradually, the Czechs would take decades to complete the purchase of these aircraft. By then, the first planes would be so obsolete that they would require more expensive replacements themselves.

Because threats to the Central European region are virtually non-existent now and for the foreseeable future, the current rush to spend hundreds of millions on the military seems fueled by the potential Alliance members' desire to join NATO rather than by any military needs. Central European candidates have convinced themselves that promises of large purchases of Western military equipment will win them the support of NATO members -- a notion happily seconded by U.S., French, and British arms manufacturers. What is ignored, however, is that by joining NATO the new members are, to a certain degree, surrendering their independence to plan and develop their armed forces at their own pace and to meet their own needs. As one Hungarian expert wrote,

....If Hungary enters NATO, Brussels will dictate the nation's military budget. NATO bureaucrats will not be sensitive to Hungary's domestic economic and social conditions."

The gap between NATO requirements and Central European resources can lead to two possible outcomes: either little of the projected reforms and re-equipment of the armed forces will occur due to lack of funds, or an outside source must pick up the tab. The first option would lead to "hollow" and non-interoperable forces in the new NATO member nations, rendering marginal their contribution to NATO's military might. The latter option would shift the bulk of the expansion costs from prospective to current members. The nation paying a substantial portion of the outside assistance will be -- and it already is -- the United States.

Washington's Deep Pockets

The United States has been providing the prospective allies with military aid at the rate of about \$370 million a year. In 1997 alone, the Department of Defense and the State Department supplied close to \$126 million worth of used arms, training programs, and direct grants to NATO membership candidates. Additionally, a \$242 million dollar loan was offered to NATO candidates in 1997, an amount expected to nearly double in 1998. Although these are loans and not grants, U.S. military loans have a history of not being repaid.

Other hidden costs which will not be mentioned in the Senate hearings include the salaries of numerous U.S. government representatives doubling, in effect, as agents for U.S. arms manufacturers, and the cost of "free leases" of U.S. military equipment to the new allies. These total dollar amounts will far surpass what the new allies are officially set to receive from the Alliance.

As the expansion plans progress, the direct costs to the United States can be expected to increase. Because Washington is the initiator and principal sponsor of NATO

expansion, it will be left to pick up the tab should the existing allocations prove to be insufficient or other current members refuse to pay their allocated share. Moreover, the present estimates cover the costs of adding only the three most economically advanced candidates from Central and Eastern Europe. Twelve countries are currently on the NATO waiting list, a vast majority of which would require even more assistance to bridge the gap between their military preparedness and NATO standards.

The amount the other 15 members of NATO will contribute to NATO expansion remains unclear. European allies feel they can ill-afford to increase their military spending. Most are striving to meet the criteria for the European Monetary Union, which place strict limits on national debt and government spending. Moreover, there is little enthusiasm among current NATO allies to pay more for defense at a time when threats to their security have all but disappeared. Therefore, the initial reaction from Europe to U.S. cost-sharing proposals was a stern refusal to spend any additional money for enlargement. The French President vowed to give not a single franc, and the British Ministry of Defence actually announced it expects its contribution to NATO to decrease after new members are admitted. Subsequently, other defense officials have recanted these statements but it is through deeds, not words, that they must demonstrate their willingness to pay. The Europeans have persistently dismissed even the minimal U.S. cost estimates as too high and led the drive that produced NATO's \$1.5 billion estimate. Consequently, the Alliance earmarked this sum for a full decade's worth of gradual modernization and integration of the new members' militaries. If the expected shortfall forces the current

allies to appropriate more funds, an ugly burden-sharing debate can be expected to ensue.

The Clinton Administration often argues that the expenses of NATO expansion, even if they are in the hundreds of millions of dollars a year, are small compared to the annual U.S. military budget, which currently stands at an **\$270 billion**. But the litmus test for any new spending should not be whether the allocation is affordable but whether it is wise. The fact is that even the relatively low amount of several hundreds of millions of dollars a year could be spent much more productively. Moreover, the billions that the U.S. may eventually spend for NATO has a real potential to decrease, rather than increase, United States military security.

The Russian Puzzle

Even more than the final monetary costs, the impact on Russia remains the biggest unknown -- and the most significant element -- in the NATO expansion equation. The potential impact on our relations with Russia will be played out in two major areas: arms control and diplomatic relations.

Concern about nuclear, chemical, and biological weapons is clearly on the minds of senior U.S. military experts. At a recent Senate hearing, Lt. Gen. Patrick M. Hughes, Director of the Defense Intelligence Agency, called the spread of the weapons of mass destruction "the greatest direct threat to U.S. interests worldwide." The dangers are obvious: if one of the many nuclear devices in the world falls into the hands of people who do not wish the United States well, the potential for a sneak attack or terrorist action against the U.S. rises significantly. One small nuclear device can cause the loss of tens of thousands of lives. Such arms in the hands of a

government hostile to the U.S. are more dangerous yet because governments may have a capability to use missiles to deliver larger nuclear devices.

Russia remains a principal source of both the weapons and scientists capable of developing them. This poses a dual problem. One of Russia's weapons could fall into the hands of terrorists and be used for blackmail or actually detonated. Russian scientists hired by regimes hostile to the U.S. could develop nuclear warheads for their employers. It follows that cooperation with Russia to safeguard and eliminate this destructive arsenal should be on the top of America's foreign policy agenda. Yet that seems not to be the case. NATO expansion is being given precedence in the Senate in spite of the fact that the drive to expand the Alliance has direct implications on our efforts to help Russia keep its nuclear arsenal under strict control. As Ambassador Jack Matlock, a former U.S. envoy to the Soviet Union, said at a Senate hearing: "Adding members to NATO will do nothing to protect us from the real threat [of weapons of mass destruction]. It is going to be increasingly difficult to obtain Russian cooperation in securing this material if our actions are interpreted as attempts to exploit Russia's current weakness, as they are by most [Russian] officials...."

Diplomatic Relations

Another consequence of NATO expansion is decreased diplomatic cooperation with Russia. Changes in this field are more nuanced but potentially more enduring. Russia and the U.S. have a number of different political and security interests, and it is only natural that Washington and Moscow would disagree on some issues of great importance. It is nevertheless crucial to maintain the best relations

possible. Russia's influence can significantly aid -- or hamper -- U.S. efforts in many areas of the world. For example, without Moscow's cooperation, the United Nations Security Council will be unable to make decisions. The row over Iraq illustrates the potential for deadlock unless cooperative U.S. - Russian relations are maintained. In 1990-91, Russia's cooperation paved the way for creation of the Gulf War coalition whose actions were endorsed overwhelmingly by the United Nations Security Council. Seven years later, not only does Moscow not consent to U.S. military action against Iraq, it also seems to be intent on preventing any reconstitution of a major anti-Iraq coalition under U.S. leadership. The willingness of the Russians to work with the U.S. will decrease further if its legislature and its people come to believe that Washington is attempting to take advantage of Russia's current diplomatic, economic, and conventional military weakness.

"We believe that NATO expansion will decrease Allied security and unsettle European stability for the following reasons: In Russia, NATO expansion...will strengthen the non-democratic opposition [and] undercut those who favor reform and cooperation with the West....In Europe, NATO expansion will draw a line of division between the 'ins' and 'outs,' foster instability, and ultimately diminish the sense of security of those countries that are not included."

Letter to President Clinton from 50 senior defense, government, and foreign affairs experts, June 1997.

The Clinton Administration, arguing that recent agreements signed with Moscow prove that relations are on the right track, dismisses the significance of the changes in Russia's attitude. NATO did sign the so-called "Founding Act" with the Russian Federation and has set up a joint NATO - Russia Council. But without a precisely specified mandate, and thanks to suspicions harbored by both sides, the Council has so far failed to produce significant results.

A number of important arms reductions treaties signed by Russia and the United States await ratification by the Russian Parliament. Chief among them is the START II Treaty which would reduce the number of nuclear warheads in Russia to 3,500. The Russian Duma is scheduled to vote on START II this year, but NATO expansion may have complicated the task for those in Russia who support the treaty. An insight into the reaction to NATO expansion among Russian political elites was recently offered by Alexei Arbatov, Deputy Chairman of the Defense Committee of the Russian Parliament:

Most Russian political actions are the result of tough domestic infighting, and foreign and domestic events can shift internal balances and affect policy decisions. Many of those who have been trying to persuade the United States not to expand NATO are the people who have staked their careers (and probably more than that) on Russia's close and fair cooperation with the United States. They will still advocate ratification of Start 2, but against the continuing clamor over NATO expansion, their voices will be hardly heard."

Security Risks in Europe

NATO expansion is being sold to the Senate as a panacea for all Europe's ills. In reality the Alliance's

project presents a number of security problems to the nations in Central and Eastern Europe. Unfortunately, to date these have been mostly ignored during the Senate's consideration of the expansion question.

NATO's piecemeal approach -- accepting countries one-by-one or in small groups -- could lead to tensions between the countries accepted and those that are deferred. The Alliance is hoping that the desire to enter the Alliance will keep all those not in the first tranche "on good behavior" until their turn comes. Such an incentive is a very unstable basis on which to build a European security structure or to risk future military guarantees by the United States to aid a member state. Once in, a country might be tempted to reassert some dormant claim to territory or ethnic rights.

A New Cyprus?

If this seems to be stretching credulity, consider the current situation in the Eastern Mediterranean. NATO has no mechanism for preventing one of its members from committing an aggressive act against another nation. A 1954 resolution of the North Atlantic Council, NATO's decision-making body, calls for punitive measures to be invoked in case an Alliance member violates the United Nations charter. The existence of this 1954 document, however, did not keep Turkey, a NATO member, from invading Cyprus. Neither did it prevent a shooting conflict between Turkey and another NATO member, Greece.

What are the implications for

Central European nations? This area also has its share of unresolved, ancient problems, such as the issue of Hungarian minorities in neighboring Romania, Slovakia, and Yugoslavia. The danger here is the same as between Greece and Turkey -- apparently nothing would prevent a country like Hungary from using its newly acquired status as a NATO member to try to settle disputes in its favor by using militarily means or threats. New members will have armed forces at least partially rejuvenated with money from NATO funds and U.S. military assistance. Under one possible scenario, a "mother country" could use disturbances abroad as an excuse to intervene and "protect the lives of its nationals." Its military, newly equipped thanks to NATO expansion, would occupy the territory and declare a provincial government.

Sadly, a virtually identical scenario has been played out in Cyprus, and it could happen in Central Europe. A "sense of responsibility for what happens to Hungarians living outside [the nation's] borders and fostering of their relations with Hungary" is a basic tenet of Hungary's constitution. Skeptics must also consider statements by a former deputy secretary at the Hungarian Ministry of Defense, Zoltan Pecze, about the situation of ethnic Hungarians in neighboring Romania: "It is in the

Answer:

10 years, or until 1960.

After assuming NATO command in 1950, Ike said, "If in 10 years, all American troops stationed in Europe for national defense purposes have not been returned to the United States, then this whole project [NATO] will have failed." There are still about 100,000 U.S. troops in Europe today, 47 years later.

interests of the ethnic Hungarians living beyond our borders...to see Hungary make it into the European integration organization in the first group. NATO membership does not mean giving up our national interests. On the contrary: it means an opportunity to assert our national interest." Such attitudes threaten to turn European integration into a blank check to "integrate" the territories of non-NATO countries into the new Alliance member nations.

New Members & Russia

Contrary to assessments of many analysts that Russia does not constitute a threat to Central Europe -- not now, not in the foreseeable future -- expansion proponents play up the "Eastern threat" to justify the Alliance's plan. Pictures of Soviet leaders and not-so-subtle references to Soviet invasions of Hungary and Czechoslovakia in 1956 and 1968, respectively, were used in media campaigns promoting NATO membership. A prominent Czech journalist wrote, "...our country does not face any threat for at least a decade. But our leaders, in their desire to join NATO, scare the public

with the "Russian threat" which they use to justify NATO membership." A perceived Russian danger may turn into a real one by creating a hostile atmosphere and fueling Russia's insecurity.

The geographic distance and seeming irrelevance of these problems are misleading -- the U.S. should be concerned about these developments. After all, NATO expansion means that current NATO nations guarantee the security of their new Central European allies. A local conflict between an Eastern European country and Russia could draw in the United States and provide the spark leading to a larger conflict. The public needs to ask whether such a possibility is in our national security interest.

President Clinton also needs to explain to the current and potential members, if the U.S. intends to observe NATO security guarantees. Clinton recently sought to downplay the importance of Article V of the Washington Treaty which states that an attack on one is an attack on all. In the past it was interpreted as an automatic guarantee of aid to an ally in distress. But in a written response to an enquiry from a group

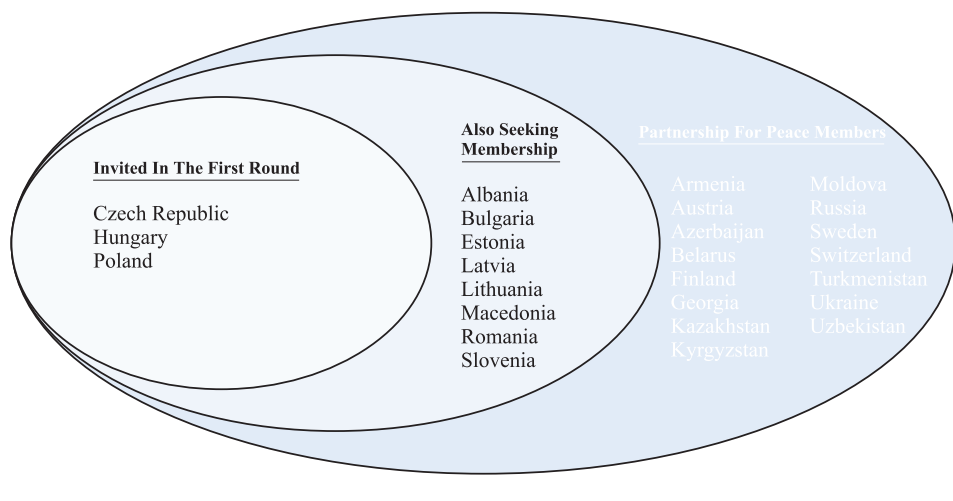
of Senators, the President wrote, "[Article V] does not define what actions constitute 'an attack' or prejudge what Alliance decisions might then be made in such circumstances. Member states...are required to exercise individual and collective judgment over this question." Given their history, the recent statements by Clinton must seem like a de ja-vu to most Central Europeans.

The "FAST TRACK" Expansion Ploy

The Administration continues to treat NATO expansion as an "inside the Beltway" issue to be kept from the American public. Listening to the arguments employed by the proponents of NATO expansion leaves the impression that this plan is the elixir for all Europe's ills. Ironically, until fairly recently, the same people now advocating the virtues of expansion opposed the idea. In 1994, the current Deputy Secretary of State, Strobe Talbott, warned that to expand NATO was to misunderstand the fears of Russia about encirclement. Then-Secretary of State Christopher added that quick expansion would "risk dividing Europe by creating new blocs and unintentionally replicating a bit to the east a line of demarcation that NATO has fought for a long time to erase."

The Administration policy changed during the campaign for the 1996 presidential elections. Clinton quickly jumped on the expansion bandwagon in order to preempt a migration of Eastern European ethnic votes to the Republican camp, which proposed NATO expansion in the 1994 "Contract with America" In a speech at Detroit in October 1996, he called for the Alliance to admit the first new members in April 1999 -- the 50th anniversary of the Washington Treaty which created NATO.

Prospective NATO Members



President Clinton's speech sent the NATO expansion wheels into overdrive. In the following two years, the House of Representatives authorized hundreds of millions of dollars for military assistance to Central and Eastern Europe, on occasion even diverting money from funds earmarked for economic development. The U.S. strong-armed its European allies into an agreement on which countries to admit at a summit in Madrid in 1997, and U.S. and NATO diplomats negotiated with the candidate nations accession agreements that are being submitted to national legislatures for approval.

All these steps were taken with little media and even less public attention. Newspaper coverage remains largely confined to the op-ed pages of a few selected dailies and specialized defense industry magazines. Network television stories about this issue which aired in the last three years could be counted on the fingers of one hand. Despite this nearly complete lack of

public scrutiny, expansion proponents now argue that the project has advanced so far that to stop or even slow it for public scrutiny would "send the wrong signal." According to this logic, any government proposal, no matter how misguided, should be irrevocable as long as it has been tucked away from the public until substantially completed.

The attempt to open up the NATO expansion debate thus takes on political as well as strategic importance. The continuing absence of a nation-wide debate strengthens the hand of lobbying groups whose narrow interests will prevail if unchecked by public scrutiny of the many implications of NATO expansion for the Alliance and the U.S. The Senate should assert its right and responsibility to consider all sides of the issue submitted to it. Unfortunately, Senate hearings so far have been few and heavily stacked in favor of proponents of NATO expansion. Of the fourteen witnesses invited to testify before the Senate Foreign Relations Committee on

November 5, 1997, eleven were well known supporters of NATO expansion. Many speakers had been actively lobbying the Senate prior to the hearings on behalf of pro-expansion interest groups.

Conclusion

The Senate consideration of NATO expansion to date has been conducted hastily and without due preparation. Because of the lack of public attention, many Senators remain uninformed about the possible consequences of this plan. With every day, the likelihood increases that a decision will be made which will send the United States down a road whose end -- and even its direction -- remains shrouded in the unknown. While one can never completely eliminate uncertainty, the complexity of the expansion issue and the haste in which it has been conducted so far call for a more thorough critical consideration by U.S. citizens and their elected representatives.

Letter from the Director (continued)

its current form it could respond to new emerging threats, and identified its new mission and the means of achieving its goals -- if NATO were deemed still useful and relevant in today's world. However, no one took up the challenge. By default the initiative passed to bureaucrats who found in expansion a new *raison d'être* for NATO. Yet the public still awaits a satisfactory explanation of how the expansion contributes to NATO's new mission which also has yet to be convincingly articulated. The bureaucrats were happily supported in their quest by politicians who saw in NATO expansion an issue to attract ethnic votes.

Having found a life-line for survival, NATO bureaucrats set about finding something useful for the Alliance to do. The first rough draft of an update of the Alliance's Strategic Concept, its guiding document outlining the threats and goals for NATO, was just submitted to national delegations in January 1998 -- nearly four years after the decision to expand was made. The Strategic Concept is not expected to be adopted until the first round of new members join the Alliance.

Today, the entire process of NATO expansion seems shorn of a long-term strategy and more akin to ad-hoc decision-making. Because de facto international security is barely being considered, the decisions made do not take into account the potential impact of the piecemeal expansion on other nations. Russia's concerns have been insufficiently addressed, and many Western leaders actually professed surprise when Moscow vehemently opposed it. Subsequent changes in Russia's position on some issues was then interpreted as "old thinking" or even malign intent and, in a case of classic circular logic, used to "justify" NATO expansion. Such tactics are not new: they have been used many times in the past to "justify" spending on new weapons programs. But it is time now to smash this self-justifying and self-perpetuating methodology, which has cost our country trillions of dollars, and challenge politicians and bureaucrats to speak straight.

- Colonel Daniel M. Smith, USA (Ret.)

Letter from the Director

The NATO expansion debate marks a disturbing trend away from strategic thinking about defense to decision-making based more on bureaucratic self-preservation and short-term domestic political considerations. This shift has been under way since the end of the Cold War but now seems to dominate our foreign and security policy.

Decisions about the mission or even the very existence of institutions such as NATO are being made with little sense of the enormous changes that were precipitated by the dissolution of the Soviet Union. Ideally, the governments represented in NATO would have taken a hard look at the organization, considered whether in

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