

By Diana Johnstone

PARIS

**C**ONVERSION OF INDUSTRY FROM ARMS TO civilian consumer goods production is at the heart of Mikhail Gorbachov's drive to reorganize the Soviet economy. He has raised the issue over the past year in major speeches to the United Nations General Assembly, the Trilateral Commission meeting in Moscow, the Council of Europe in Strasbourg and West German labor representatives in the Ruhr.

At the U.N. last December, Gorbachov stressed "transition from an armaments economy to a disarmament economy" as an international problem. The Soviet Union would make public its 1989 experimentation in conversion, Gorbachov promised, calling on other countries, starting with the other major military powers, to submit their own conversion plans to the U.N. (Sweden, starting in the early '80s, is the only country so far to officially examine conversion as a possible option in case of worldwide disarmament.)

Like many a Gorbachovian disarmament concept, conversion has been plucked from the intellectual hothouse of Western critical ideas to become official Soviet policy, while remaining far outside the decision-making mainstream in the U.S. and NATO. Soviet officials cite Seymour Melman, author of *Pentagon Capitalism*, on the damage done to civilian production by the "permanent war economy," while acknowledging that the damage was vastly greater to the poorer Soviet economy than to that of the rich U.S.

The well-informed intellectuals around Gorbachov have recognized the arms race as a trap set by American strategists to bury the Soviet economy in military expenditures. Indeed, the Soviet economy is caught in that trap, and the problem now is how to get out of it.

In the spring of 1988 it was reported that the Votkinsk factory that used to make the SS-20 nuclear missile was now making mobile refrigerated beverage tanks and milk pasteurization equipment. A major feature of the conversion program is an eight-year plan, from 1988 to 1995, to build 20,000 new food processing plants and renovate twice that many, with 17.5 billion of the 37 billion ruble cost to be borne by the defense industry. But by last January, Deputy Prime Minister Igor Belusov had to confess to *Izvestia* that "involvement of the defense industry in technical renovation of food processing is not going as smoothly as could be desired." Expectations were high at first in part because the military sector enjoys a reputation for superior efficiency in the Soviet Union. Caution might be inspired by Western studies pointing out the difficulties of military contractors in adjusting to a civilian market, especially in regard to pricing, already a dilemma in the USSR.

**Peace of mind:** "It's not so easy," Margarita Bunkina, from the Soviet peace committee, told conversion specialists from the Federation of German Trade Unions (DGB) at an informal round table in Bonn last May. The Germans had experience as labor representatives on the boards of major industrial giants like Krupp (according to the unique German "codetermination" system) and in work groups elaborating conversion plans.

The round table was organized by the German Greens as part of a Soviet-West German "peace week" prior to Gorbachov's official visit, and chaired by Green Bundestag member Christa Vennegerts, an economist with banking experience. The Soviets were



Soviet President Gorbachov: can he win Western converts to conversion?

## But just how big is the market for plowshares?

peace committee intellectuals with no special competence in conversion problems. The interest aroused by this first encounter should spur more specialized exchanges.

The German unionists arrived with an impressive array of precise studies for what they prefer to call "socially useful" rather than "civilian" production. Many stressed that the West German consumer market is long since saturated. The real needs are social and, above all, environmental. Oswald

### DISARMAMENT

Pietsch, an engineer with Blohm & Voss in Hamburg and member of an "alternative production work circle," arrived with a fully elaborated model for a whole new "hydrogen-based economy" using water as the basic energy source.

Stuttgart union official Georg Werckmeister said that, instead of "conversion," the metal workers union IG Metall prefers to speak of "alternative production," which can be understood as a substitute for unemployment as well as for weapons. "Arms ruin the economy' is our slogan," he said.

Werckmeister presented a list of useful high-tech alternative product ideas. But "enlightened capitalists who support such plans run into very strong opposition" from the arms lobby, he added, emphasizing the need for political combat.

Herbert Zeretzke, an engineer at Krupp in Kiel, stressed the need to develop technical plans appropriate for the Third World. "We must make our development model transferable to the rest of the world," he said. Zeretzke had something very concrete in mind: an entirely new urban transport system.

The Russians seemed interested, not to say amazed. A young Moscow researcher lamented that "there is no data for research on our arms industry." The military aviation industry is shifting to food production, but apparently by improvisation, without seri-

ous prior studies of capacities and markets. "I'm pessimistic," she concluded.

Bunkina also complained that too little was known about the Soviet factories being converted. Their very identities were long covered by military secrecy. "Where are these military plants, what is the transport infrastructure? Where is the market?"

More optimistic than the others, Vladimir Shenayev of the Soviet Academy of Sciences still noted that although considered efficient and disciplined, arms enterprises had no experience in a competitive market. Their contracts have been orders, with no competitive bids.

In the '70s, the subsequently exiled East German singer Wolf Biermann wrote a song about leftists from East and West who meet and get into the usual argument: it's worse in *our* system than in *yours*. There was a touch of that in the Green-sponsored Soviet-

### The underconsuming Soviets and overconsuming West Germans are beginning to trade ideas on the way to reach and shape economic conversion from war production.

German conversion talks. Germans, with briefcases full of precise plans for a fully converted alternative economy, complained that the "political will" was lacking in Germany to carry them out. Conversion was therefore easier in the Soviet Union, some of them insisted. Russians countered that political will was fine and good, but it would certainly help to know what to do in practical terms.

The Russians complained more about in-

ternal secrecy and the resulting absence of technology transfer from military to civilian sectors than about obstacles to their access to Western technology symbolized by COCOM, the secret "coordinating committee for multilateral export controls" set up in the Cold War to block supposedly "strategic" exports from NATO countries to the Soviet bloc. Bunkina echoed Gorbachov's call for the Soviet Union to get rid of secrecy and its own "internal COCOM."

In short, the Soviets, with conversion as official policy, were worried by technical difficulties. The Germans, well on the way to mastering technical problems, were concerned with political obstacles.

**Peace goods:** This was by no means the only contrast. The Soviet Union suffers from an enormous unsatisfied consumer demand which makes it relatively easy to find areas of alternative production that respond to a consumer market. Correspondingly, the Soviets emphasized the need to free up production from heavy-handed state control. In West Germany, on the contrary, consumer markets are glutted, and conversion requires government decisions to support economic restructuring.

An additional aspect of conversion, stressed by the Soviets, is massive demobilization and relocation of members of the armed forces.

Economist Jörg Huffschnid said real conversion entailed a whole reorientation of the economy, including the structure of work. "Demand side is where the problems lie," he said. In West Germany, new environmental protection techniques are being offered by the very companies involved in arms production. "The question is, who will pay? Who buys? We need a market. The private market is no answer because we are not now in a growth market. The state as arms market has huge responsibilities," he stressed.

The institution of codetermination gives German unions an advantage in pressing the question of "socially useful" production. The engineers working up alternative plans are sensitive to the political relationship of forces. "Our plans are part of the political contest for power," said one. "Much more than arms needs to be changed. Working out plans is part of raising consciousness."

Zeretzke stressed the importance of involving employees in the conversion process. "We can't go straight from military motors to ecologically clean new production," he said. "Plans are always being changed. Their main purpose is to get employees involved in the process."

Huffschnid granted the union-sponsored conversion campaign one major achievement: it is no longer possible in West Germany for the arms lobby to use the "jobs" argument to win support from labor. But he pointed to the limits of conversion efforts at the plant or enterprise level: "In our society, workers have no say in production as employees. They can influence such choices only through the political process as citizens."

Bundestag member Vennegerts saw a future advantage in the conversion plans worked out by the German unionists. "They have something concrete. So whenever the political decision comes from above, they are ready," she said.

The Social Democrats and Greens seem set to agree on a program of massive cuts in defense spending and "ecological restructuring of industrial society" to present to German voters in national elections next year. Ready, set...go? □

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# New York's m

By Salim Muwakkil

NEW YORK

**T**HE POSSIBILITY THAT NEW YORKERS WILL elect the first black mayor in the city's history seems a bit less likely now than it did two months ago. Manhattan Borough President David Dinkins, the black candidate for the Democratic nomination, still leads incumbent Ed Koch in the latest polls, but the margin is shrinking and the mayor clearly has the momentum as the September 12 primary election nears.

The two other Democratic candidates—Harrison "Jay" Goldin and Richard Ravitch—have failed to garner much public support and consequently languish low in the polls. Goldin, 53, has been the city comptroller for 16 years. The 56-year-old Ravitch is a real estate developer and former chairman of both the Metropolitan Transportation Authority and the City Charter Revision Commission.

All four of the candidates are moderate-to-liberal Democrats, with Dinkins stating positions furthest on the political left. Interestingly, Dinkins prefers to be characterized as "progressive" while his opponents readily embrace the liberal label. Although drugs and crime have pushed the "conservative" issue of law and order high on the list of voter concerns, New York City is still much more liberal than the rest of the country. Jesse Jackson won the 1988 Democratic presidential primary here, and Michael Dukakis took the general election.

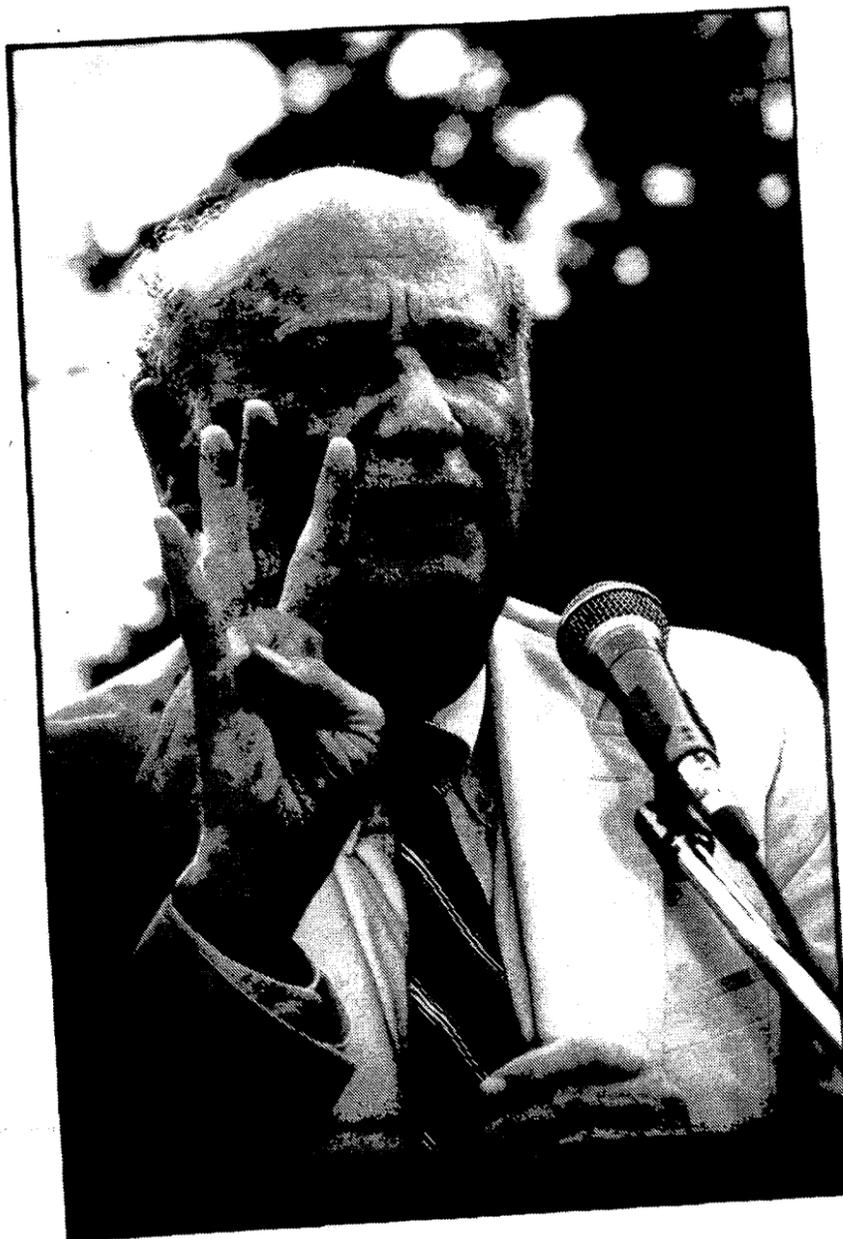
If none of the candidates wins more than 40 percent of the primary, the top two vote-getters will face each other in a September 26 runoff election. In this overwhelmingly Democratic city the general election is usually nothing more than a pro forma exercise to ratify the Democratic primary results. This year, though, things will be different.

With Republican Rudolph Giuliani—a former U.S. attorney with a national reputation as an effective prosecutor—expected to win the GOP nomination, the November 7 general election promises to be a hard-fought battle. Giuliani's primary opponent is Ronald Lauder, the "richest man to ever run for mayor of New York," with a net worth of more than \$250 million.

Lauder, the 45-year-old son of cosmetics queen Estée Lauder and a former ambassador to Austria, is sinking \$10 million of his own money into the campaign. He has the support of New York's most powerful Republican, Sen. Alfonse D'Amato, but little additional backing. The wealthy cosmetics heir insists he's the only true Republican in the race, and his name will appear on the Conservative Party ballot as well in the November election. Most pundits give him no chance of toppling the popular former prosecutor in the GOP primary.

**Dinkins' dilemma:** Dinkins' quest to become the city's first black mayor has failed to fire up the city's African-American community. Thus, despite a campaign featuring a wide range of interracial support, the Dinkins' candidacy is generating scant enthusiasm among the grass roots of his core constituency. Many black analysts blame this on his conciliatory political style. Others claim his team just hasn't done the necessary legwork.

Because of a series of incidents involving black New Yorkers who died while in police hands, and the general tenor of the times, racial tensions are high. Koch has done no-



Ed Koch



David

thing but inflame those tensions with his harsh rhetoric and manifest insensitivity to the needs of the African-American community.

"For 12 years Koch has blatantly insulted and ignored the black community," explains Wilbur Tatum, publisher of the black-owned *Amsterdam News*. "It's way past time that we get rid of this corrupt and anti-black regime." For Tatum and many others, Dinkins' popularity is fueled by a widespread dislike of the brash incumbent. In fact, it was a Koch statement during the 1988 presidential primary—"Jews and other New Yorkers concerned about Israel would be crazy to vote for Jesse Jackson"—that is credited with convincing Dinkins to run.

As the primary winds down, the Dinkins camp is sharpening its message and attacking Koch more aggressively in an attempt to spark some excitement in the black community. Although he has lined up an impressive array of endorsements, most analysts agree that Dinkins must energize his core to win the election.

Former mayors John Lindsay, the last Republican to lead the city, and Abraham Beame, the Democrat who ousted Lindsay and preceded Koch, are on the list of prominent Dinkins supporters. Among the dozens of endorsements received by the Manhattan borough boss are those of the National Organization for Women; Victor Gotbaum, former leader of New York's Municipal Union; and Howard Squadron, a former head of the Conference of Presidents of Major Jewish Organizations.

"David's campaign is the most hopeful of them all," says Bill Muchow, a veteran organizer who heads Council 16 of the Teamsters union and who is coordinating much of Dinkins' labor support. "He's the only candidate who can bring this city together, and a lot of people realize that. There is a tremendous amount of racism in this city, and David's election would do much to get us on the road to dealing with it."

**Hispanic support:** The Democratic front-runners are aggressively seeking support from the city's huge Hispanic community. Elected Hispanic officials are split almost evenly in their support for Koch and Dinkins. However, the city's highest-ranking Hispanic elected official, Bronx Borough President Fernando Ferrer, recently endorsed Dinkins.

The relationship between Dinkins and Hispanic New Yorkers is of great import for its larger political implications. Together blacks and Hispanics make up about 45 percent of the vote in the city, and various community activists have long urged a working coalition between what they consider natural allies.

That potential alliance was seriously damaged in 1985 when a group of African-American leaders—including Dinkins—aborted the incipient mayoral campaign of Herman Badillo, a former Bronx borough president and congressman. Instead Dinkins and the others backed Denny Farrell, a nothing candidate who just happened to be black and who suffered an embarrassing loss at the ballot box. Hispanics were angered by the action of the black politicians, and Koch pulled about 65 percent of their vote in the 1985 primary.

Still nursing that wound, Badillo has said he will endorse anyone but Dinkins. "When they ask me why I'm not supporting Dinkins," Badillo says, "I quote Jesse Jackson: 'Reciprocity is the essence of politics.'" But Badillo, who also was Koch's deputy mayor before a parting of the ways over policy, has not endorsed the incumbent, either. In fact,

**Six colorless candidates play the racial game**