

comparable data, and to the problem of separating short-term from long-term consequences. But in a recent working paper¹ Malcolm Knight, an economist at the IMF, and two colleagues, use a long-run growth model and sophisticated econometric techniques to measure the effect of military spending on growth in 79 countries between 1971 and 1985. They find a clear correlation between lower outlays and higher growth.

The authors then simulate what the long-run effects of the decline in military spending of the late 1980s are likely to be. Unsurprisingly, they are positive. Industrial countries, for instance, can expect a long-run absolute increase in GDP per head of 2% from the spending cuts that occurred up to 1990.

DELAYED PAYMENT

Mr. Knight and his fellow authors then try to estimate what the long-run effects of further cuts in world defence spending might be. They assume that global defence spending is reduced to under 2% of GDP (the current level in Latin America, the region with the world's lowest defence spending). If industrialised countries achieve such a target, the authors expect an eventual increase in their GDP per head of 20%. In other regions, such as Eastern Europe, the effects will be even greater. However, it will take a long time for these benefits to work through. Even after 50 years, for instance, the improvement in the level of GDP per head in rich countries would have reached only 13.2%.

Unfortunately, the model does not explain whether this increase would be attributable to more productive public investment, or to lower interest rates. In practice, the cuts in military spending since the 1980s appear to have been used to keep overall public spending under control. This means that the clearest long-term economic benefit from the end of the cold war is likely to come from lower interest rates—unless, of course, public spending rises for other reasons.

For those defence employees faced with the sack, it may be scant comfort to hear about the long-term gains to the economy that accompany fewer military bases. But, providing that governments keep public spending in check, the world will indeed benefit from a substantial peace dividend—even though it will not produce the immediate pay-off that optimists were hoping for. ●

ORDER OF BUSINESS

THE SITUATION IN BOSNIA

Mr. LIEBERMAN. Mr. President, last week the Senate sent a clear message to President Clinton and to our allies that the illegal and immoral arms embargo on the Bosnian Government should be lifted so that the Government and people of the Republic of Bosnia and Herzegovina can exercise their right to defend themselves and their homes. While we wait for the lifting to occur, the people of Bosnia remain under siege—with suffering, death and destruction an intrinsic part of everyday life.

I am particularly concerned by the tragic developments in the Bihac region of Bosnia. While NATO threatens tough action in response to attacks on

Gorazde—a threat I hope NATO will actually act on—the attacks on the Bihac safe area continue. These are coordinated attacks by the Bosnian Serbs, the Krajina Serbs from Croatia, and even renegade Moslems who have sided with the Serbs. These are concerted attacks which, like so much of the fighting in Bosnia, include direct targeting of heavy weapons against the civilian population. These are inhumane attacks accompanied by efforts to deny food and water to the Bosnians in Bihac who are surrounded by Serbs.

The fall of Bihac—another U.N. safe haven—would result in more human tragedy, more ethnic cleansing, more refugees forced from their homes. But the consequences of the fall of Bihac would go well beyond the immediate tragedy for the Bosnians in the region.

The fall of Bihac would fundamentally change the strategic balance in Bosnia and Croatia to favor victory for the Serbs and the establishment of a greater Serbia. The establishment of a greater Serbia with no place for Bosnians and Croats of other races and other religions clearly remains the objective of the Serbs in Belgrade, Pale and Knin alike. For the fall of Bihac would free up Bosnian Serb and Krajina Serb troops to continue their campaign of terror elsewhere in Bosnia and Croatia.

The Croatian Government, recognizing these strategic as well as humanitarian implications, has agreed with the Bosnian Government to come to the aid of Bihac. This may lead to a wider war with renewed fighting in Croatia.

But the fall of Bihac will become imminent, and this safe area dependent on Croatian intervention, if the United Nations forces and NATO fail to protect the Bosnian people of the Bihac region. The United Nations Security Council has declared Bihac a safe haven, but UNPROFOR has failed to keep it safe. NATO has declared Bihac a heavy weapons exclusion zone, but NATO has not carried out airstrikes to enforce that exclusion zone. The dual key arrangement under which the United Nations has denied NATO the authority to eliminate the missile threat to NATO aircraft has increased the likelihood that Bihac will not be protected. The United Nations Security Council has declared Bosnia a no-fly zone, but NATO aircraft have not been able to prevent Krajina Serb jets from bombing Bihac, because United Nations and NATO rules don't allow NATO to pursue these planes into Croatian airspace or to hit them on the ground. We need to eliminate these rules and the dual key arrangements which stand in the way of effective action.

Mr. President, the United Nations and NATO failed to protect Srebrenica. The United Nations and NATO failed to protect Zepa.

The United Nations and NATO must not fail again in Gorazde. They must not fail in Bihac, Tuzla, Sarajevo or other areas where Bosnian civilians

come under attack. The international community must not fail the people of Bosnia.

Mr. President, last week an important voice spoke out against the international failure to halt atrocities in Bosnia. Former Polish Prime Minister Mazowiecki resigned his position as the United Nations human rights investigator for the former Yugoslavia to protest the United Nation's inaction to address the human rights violations he reported and the United Nation's failure to protect the United Nations-declared safe havens of Srebrenica and Zepa.

Allow me to read a few passages from Mazowiecki's letter of resignation, since his words are surely more eloquent than mine:

One cannot speak about the protection of human rights with credibility when one is confronted with the lack of consistency and courage displayed by the international community and its leaders.

Human rights violations continue blatantly. There are constant blockages of the delivery of humanitarian aid. The civilian population is shelled remorselessly and the blue helmets and representatives of humanitarian organizations are dying.

Crimes have been committed with swiftness and brutality and by contrast the response of the international community has been slow and ineffectual.

Mr. President, these are not the words of a partisan spokesman. These are the words of a statesman who has devoted years to impartially investigating human rights abuses for the United Nations. I hope that President Clinton, the U.N. Secretary General, the NATO Secretary General and other world leaders will hear these words and will heed them.

WAS CONGRESS IRRESPONSIBLE? CONSIDER THE ARITHMETIC

Mr. HELMS. Mr. President, on that evening in 1972 when I first was elected to the Senate, I made a commitment to myself that I would never fail to see a young person, or a group of young people, who wanted to see me.

It has proved enormously beneficial to me because I have been inspired by the estimated 60,000 young people with whom I have visited during the nearly 23 years I have been in the Senate.

Most of them have been concerned about the enormity of the Federal debt that Congress has run up for the coming generations to pay. The young people and I almost always discuss the fact that under the U.S. Constitution, no President can spend a dime of Federal money that has not first been authorized and appropriated by both the House and Senate of the United States.

That is why I began making these daily reports to the Senate on February 22, 1992. I wanted to make a matter of daily record of the precise size of the Federal debt which as of yesterday, Tuesday, August 1, stood at \$4,954,700,676,689.14 or \$18,808.12 for every man, woman, and child in America on a per capita basis.

¹ "The Peace Dividend: Military Spending Cuts and Economic Growth". By Malcolm Knight, Norman Loayza and Delano Villanueva. IMF, May 1995.