

ful for the apostles of commercial engagement,” such as Jeffrey Garten, who served as undersecretary of commerce for international trade during 1993–95. When Occidental Petroleum last year wanted to pump oil from a Sudanese field, Clinton provided an exemption from the 1996 Anti-Terrorism Act. Syria, too, got an exemption, and “continues to enjoy millions of dollars in American investment.” The White House now is considering lifting the trade embargo on Iran.

The official pariah status of such states as Syria limits trade done with them, but the Clinton administration “tirelessly promotes” business deals with equally egregious countries, Kaplan says. China is only the most prominent example. Despite the repressive policies of the Suharto regime in Indonesia, the late commerce secretary Ron Brown secured Indonesian contracts worth billions for American companies. Mexico—the source of three-fourths of the cocaine that flows into the United States each year—poses, according to the State Department, “a more immediate narcotics threat to the United States” than any other nation. Yet, even after learning “that the commander of Mexico’s much lauded anti-drug effort was himself a drug dealer,” Kaplan notes, Clinton “certified the commitment of our third

largest trading partner to fighting narcotics trafficking.”

The administration also has encouraged American firms “to auction off previously restricted technologies to foreign bidders,” Kaplan points out. It has abolished nearly all export restrictions on computer and telecommunications technology, and, brushing aside Pentagon concerns, has authorized the launching of commercial satellites to take high-resolution photos that could be used for military purposes.

While the administration gives “potential adversaries . . . lucrative trade deals and sensitive technology,” Kaplan observes, it often uses trade “as a weapon with which to bludgeon our strategic allies,” notably Japan.

“By promoting commercial diplomacy at the expense of our strategic interests,” he warns, “President Clinton has essentially rolled the dice, betting that security issues represent nothing more than what one administration official described . . . as ‘stratocrap and globaloney.’ The White House assumes that the rest of the world will recognize the diminished utility of military power—the notion that war will soon go the way of dueling. Unfortunately, no evidence exists to suggest that nations such as China and Syria share that conviction.”

## *Scrap the Nukes?*

“The Case in Favor of U.S. Nuclear Weapons” by Robert G. Spulak, Jr., in *Parameters* (Spring 1997), U.S. Army War College, Carlisle Barracks, Carlisle, Pa. 17013–5238; “Retired Generals Re-ignite Debate Over Abolition of Nuclear Weapons” by Craig Cerniello, in *Arms Control Today* (Nov.–Dec. 1996), 1726 M St. N.W., Ste. 201, Washington, D.C. 20036.

The siren song of nuclear disarmament seemed a dangerous one when the Cold War was on. But now that the Soviet threat has vanished, the idea of ridding the planet of nuclear weapons is attracting fresh support from an unlikely quarter: the military. Two eminent retired American generals—Lee Butler, former commander in chief of the U.S. Strategic Air Command, and Andrew Goodpaster, former supreme allied commander in Europe—were among more than 60 retired generals and admirals from 17 countries who recently urged the United States and other nuclear powers to move resolutely, step by step, toward complete nuclear disarmament.

“In the world environment now foreseen,” declare Butler and Goodpaster,

nuclear weapons “are not needed against non-nuclear opponents. Conventional capabilities can provide a sufficient deterrent and defense against conventional forces and in combination with defensive measures, against the threat of chemical or biological weapons.” That being so, nuclear weapons are not needed except as “an option to respond in kind” to a nuclear threat or attack. The United States and Russia, Butler and Goodpaster say, should take the initiative in reducing their nuclear arsenals, thus “open[ing] the door” for negotiated reductions by all nuclear powers, and leading to a world permanently free of nuclear weapons.

That is a utopian fantasy, argues Spulak, a senior analyst at the Strategic Studies Center,



*Since the Cold War ended, U.S. short-range nuclear arms have been cut 90 percent; long-range ones, 50 percent.*

Sandia National Laboratories, in Albuquerque, New Mexico. Nuclear weapons, or the knowledge of how to build them, will always exist, as will conflicts among nations. Nuclear weapons, he points out, serve not

influence and might well *increase* the risk of war, Spulak points out. The end of the Cold War has reduced the danger of Armageddon, he says, but it has not altered the grim realities of the nuclear age.

only to deter a nuclear attack or threat, but to reduce the risk of a conventional war between major powers. “Nuclear deterrence does not ensure peace, but, short of nuclear war, places a limit on the level of violence. In fact, among great powers the nuclear era has been a most peaceful time.”

During the 1991 Persian Gulf War, subtle U.S. nuclear threats may have deterred Iraq from using chemical weapons. America’s nuclear weapons also enhance its influence in the world, Spulak says. “Diplomacy is always performed against the backdrop of military capability.”

Suggestions that the United States is not serious about maintaining its nuclear arsenal—and using it, if need be—can only undermine U.S.

## ECONOMICS, LABOR & BUSINESS

### *Time to Discard the NAIRU Jacket?*

*A Survey of Recent Articles*

When the University of Chicago’s Milton Friedman unveiled the concept of the “natural” rate of unemployment, in a 1968 presidential address to the American Economic Association, he let loose a rabbit that economists have been chasing ever since. In a symposium in the *Journal of Economic Perspectives* (Winter 1997), a number of them slow down long enough to consider whether the pursuit is still worthwhile.

NAIRU, as the “natural rate” rabbit has come to be known, is an ugly acronym for

“nonaccelerating inflation rate of unemployment”—which means, more simply, the rate of joblessness that is consistent with an unchanging rate of inflation. The assumption is that inflation is largely determined by the labor market and its upward pressure on wages. The implications for monetary policy, not to mention workers, are great. If the Federal Reserve Board wants to maintain a stable rate of inflation, then it should try to keep unemployment at the NAIRU level; if it wants to reduce inflation, then it should