FOREIGN POLICY & DEFENSE

The UN As Peace-keeper

"International Crises, 1945–75: The UN Dimension" by Jonathan Wilkenfeld and Michael Brecher, in *International Studies Quarterly* (Mar. 1984), Quadrant Subscription Services Ltd., Oakfield House, Perrymount Rd., Haywards Heath RH16 3DH, England.

The United Nations (UN) is an easy target for critics on many counts. But according to Wilkenfeld and Brecher, political scientists at the University of Maryland and McGill University, respectively, it handles its toughest job very well.

In 160 international crises that occurred between 1945 and 1975, they found that the UN intervened in 95 cases and resolved only 28. Its overall success rate was thus 18 percent. Not, on the face of it, an impressive showing, the authors concede.

But they also found that the UN was much more likely to get involved, and to emerge successful, in more serious situations—measured by the level of violence, number of participants, degree of superpower involvement. Of the 28 UN successes, 21 involved armed conflict of some sort. The world organization did best during full-scale wars. It took an active role in mediating 29 of the 32 wars that occurred during these years and emerged with a settlement in 13 cases. Success stories include the India-Pakistan war of 1971 and the 1956 Suez Canal crisis.

Wilkenfeld and Brecher also found that UN intervention increased the chances for a settlement between the contending parties. Only 36 percent of the crises in which the UN was *not* involved were resolved by agreements (e.g., treaties, cease-fires). By contrast, with high-level UN activity by either the Security Council or the General Assembly, the success rate rose to 60 percent. Lower level UN mediation still produced mutual agreements in 50 percent of the cases.

The authors note that UN mediation often produces agreements without resolving underlying conflicts. But, overall, the organization's effectiveness has been "unfairly maligned."

ECONOMICS, LABOR, & BUSINESS

Budget Deficits: Maybe Not So Bad

"A New View of the Federal Debt and Budget Deficits" by Robert Eisner and Paul J. Pieper, in *The American Economic Review* (Mar. 1984), 1313 21st Ave. So., Suite 809, Nashville, Tenn. 37212-2786.

Like almost everybody else in America, Eisner and Pieper, economists at Northwestern University and the University of Illinois, respectively, are worried about annual federal budget deficits. But they take the view that the deficits have been *too small* in recent years.

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By putting more money in Americans' hands, deficits increase the demand for goods and services and stimulate the economy. Too little stimulation can mean recession; too much, inflation. But in times of high inflation and interest rates, the stimulus that Washington provides with one hand, it can take away with the other. And the authors believe that inflation and high interest rates since 1976 have eaten away the national debt—in effect, taking the money right out of government bondholders' pockets—faster than Washington has piled up deficits. The net effect: a deflationary economy.

In 1980, for example, the federal deficit totaled $61.2 billion on paper. But by the authors' calculations, the 13.5 percent inflation that year reduced the real value of the government's cumulative outstanding debt by $55.9 billion. Because interest rates also rose, the market value of outstanding government notes dropped even further—by another $12.6 billion. (If you buy today a $100 bond with fixed 10 percent interest, and commercial interest rates jump to 20 percent next year, your bond would then be worth $50.) In 1980, by these calculations, Washington chalked up a $7.3 billion surplus, taking the money out of consumers' pockets and slowing economic expansion.

Eisner and Pieper argue that Washington did not take its foot off the brakes until 1982, when it produced a mildly stimulative real deficit. They contend that the role of the Federal Reserve Board and its monetary policy as both cause and cure of the recent recession has been exaggerated. Despite all the scare talk about federal red ink, they see no cause for alarm until 1986, when projected interest and inflation rates together with an anticipated deficit of about $211 billion will bring "an extremely expansionary but unsustainable fiscal policy."

Union Revival?

"Can Labor Lead?" by Bob Kuttner, in *The New Republic* (Mar. 12, 1984), 1220 19th St. N.W., Washington, D.C. 20036.

For America's labor unions, this is a time of layoffs, contract "givebacks," and declining membership. But even amid all the dismal news, writes Kuttner, a *New Republic* contributing editor, "a new unionism seems struggling to be born."

The "old" unionism, says Kuttner, is a child of the late 1940s, when Big Business gave up bare-knuckle fights against organized labor in return for moderation of union demands. The unions concentrated on winning better wages and benefits for members, mostly in "smokestack" industries. Instead of working to broaden union membership, their leaders aimed to pass social legislation in Washington—with considerable success.

But the decline of heavy manufacturing industries during the 1970s and the rapid expansion of nonunion industries (services and high technology) hurt the established unions. The labor-management bargain finally came unglued in 1978, when Big Business helped to block U.S.