

---

**FOREIGN POLICY & DEFENSE**


---

posal: Build huge "floating bases."

Using the technology developed for offshore oil-drilling platforms, the Pentagon could manufacture mobile, man-made islands big enough to serve as airfields or to support naval task forces. The price tag for these floating facilities would be huge, Vlahos writes, but "no more so than . . . a 20-year investment in a land base." And only three would be needed: one each in the Indian and Mediterranean oceans, and one in the western Pacific. Without such independent bases, he fears, the United States will not for long be able to defend its interests overseas.

### *Down with 'Star Wars'*

"Preserving the ABM Treaty: A Critique of the Reagan Strategic Defense Initiative" by Sidney D. Drell, Philip J. Farley, and David Holloway, in *International Security* (Fall 1984), MIT Press (Journals), 28 Carleton St., Cambridge, Mass. 02142.

In 1972, the United States and the Soviet Union signed the Antiballistic Missile (ABM) Treaty sharply limiting their defenses against nuclear missiles. Both sides judged such defenses "to be futile, destabilizing, and costly," recall Stanford researchers Drell, Farley, and Holloway.

That logic still holds, they maintain, despite the claims made for President Reagan's proposed "Star Wars" defense.

The President's Strategic Defense Initiative is now only in the research phase. The Pentagon has asked for \$26 billion over the next four years to work on the technology for a three-tiered system, including space-based lasers, that would down Soviet missiles in flight. "Sooner or later," the authors believe, this research will lead to U.S. violations of the 1972 treaty. (As for charges that Moscow has already broken the ABM agreement, the authors find no convincing evidence.)

A space-age ABM might be worthwhile if it could live up to President Reagan's promise that it would render nuclear weapons "impotent and obsolete." But the authors judge this to be a technological impossibility. [For a defense of the Star Wars proposal, see *WQ*, Spring 1984, p. 15.]

Massive technical difficulties must be overcome even to reach the point where a high percentage of the Soviets' 1,400 intercontinental ballistic missiles (ICBMs) could be shot down, thus enhancing nuclear deterrence. A minimum of 320 orbiting "laser battle stations," supplied with fuel by 250 space-shuttle missions, would be needed. And even assuming U.S. technological success, there would be Soviet responses to contend with: a new round of ICBM deployments, "space mines" and other anti-battle station weapons, decoy rockets.

Calling the system "defensive," the authors add, will not stop Soviet leaders from fearing that "the United States might be intending now—or might decide in a crisis—to launch a first strike, relying on its ABM to deal with a diminished Soviet response." And a new set of defensive weaponry would make infinitely more complicated (and unlikely) the Strategic Arms Reduction Talks (START) that President

---

**FOREIGN POLICY & DEFENSE**

---

Reagan favors.

The authors do not call for a full halt to Star Wars research; they favor limited scientific exploration "as a hedge against technological breakthroughs or Soviet ABM deployments." They also say that the ABM Treaty (especially its compliance features) may need to be updated. But they warn that casting aside one of the few symbols of mutual Soviet-American commitment to prevent nuclear war would be a mistake.

---

**ECONOMICS, LABOR, & BUSINESS**

---

*After Ma Bell*

"Beyond the Bell Breakup" by Peter F. Drucker, in *The Public Interest* (Fall 1984), 20th & Northampton Sts., Easton, Pa. 18042.

When Ma Bell passed away in January 1984, with the breakup of the American Telephone and Telegraph Company (AT&T), hardly anybody grieved. Drucker, a noted management expert who teaches at the Claremont Graduate School, believes that Americans may yet sorely regret the demise of the giant telecommunications monopoly.

Its splintering was the result of a federal antitrust suit launched by the U.S. Department of Justice in 1974 but pursued without enthusiasm. Federal officials were surprised when AT&T decided, late in 1981, to settle out of court. Drucker believes that the company had begun to view its monopoly as a no-win business proposition.

As a regulated monopoly, AT&T was required (and had long been committed) to making low-cost telephone service available to all Americans. It subsidized cheap local service for individuals by charging long-distance callers (primarily businesses) high prices. By the late 1970s, however, competitors such as MCI were making inroads into the lucrative long-distance business. Meanwhile, federal courts ruled that AT&T could not use its control over the phone lines to fight back. AT&T still handled 90 percent of the nation's long-distance calls in 1981; by 1984, its share had fallen to 60 percent.

There were other signs that AT&T's "natural monopoly" was coming to an end. For example, state regulatory authorities, dedicated to low-cost services, would not permit the company to "waste money" by scrapping functioning but technologically obsolete equipment such as electromechanical switchboards. That gave AT&T's rivals another competitive edge—marketing computerized switchboards.

Inevitably, Drucker believes, AT&T would have made its own adjustments to these challenges. The government's antitrust suit rushed things along and encouraged the company to take drastic action.

He sees many likely ill effects. The cost of local service will surely rise as the seven new, independent regional Bell companies ask state regulators for sharp rate increases to replace Ma Bell's old long-distance subsidies. The nation's vaunted technological lead could suffer if the