

Peace is bad for business

Pace is bustin' out all over. Just about everybody who has been fighting, from Afghans to Mizo tribesmen, is busily burying the hatchet.

This is, of course, good news on a humanitarian level but not so cheery for people like me who cover wars. One has a certain sense of, well ... loss. Even that most remote of obscure wars, the punch-up in western Sahara, seems to be ending. Thank Mars for the good old Arabs and Israelis.

Yet with this spreading peace epidemic, I'm afraid I'll wake up one morning to TV pictures of PLO chief Arafat and Israel's PM Shamir hugging away and smooching. Nothing's sacred anymore.

There are others, beside myself, who are less than delirious to see all our wars ending at once. First come the arms merchants and national arms industries around the world who are now facing seven very lean years.

For example, arms sales have replaced oil, whose price is deeply depressed, as the leading earner of hard currency for the cash-strapped Soviet Union. The skinflint Soviets made many of their allies and clients pay in U.S. dollars for arms. Now that peace is upon us, Soviet arms exports are going to drop sharply.

This will come as a shot in the eye to Mikhail Gorbachev who needs bundles of hard currency to buy the foreign technology the backward Soviet economy desperately needs but cannot afford.

Glum American arms makers are facing hard times. France, another leading arms exporter, is also feeling the pinch. Some of its major military manufacturers are near failure and layoffs are spreading. Even more galling to the French, the perfidious British have just landed a monstrous arms deal with Saudi Arabia that has saved the U.K.'s faltering defence firms just in the nick of time. So the Brits are okay.

Israel, by contrast, is not. Arms have been Israel's largest export. Many of the nation's top military firms are facing bankruptcy or are deep in the red. Thousands of laid-off workers are creating a big headache for the government. If Israel is actually forced to curtail its secret arms exports to South Africa, the situation will go from very bad to grave.

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China will also suffer. Thanks to the Iran-Iraq war, it surged into fourth or fifth place among the world's arms exporters. China needs foreign currency to buy technology and will find itself in the same leaky boat as Gorbachev's Russia. The Chinese will have to ship a lot of fans and socks to make up for \$1.7 billion in tanks and guns.

Other smaller arms exporters will also be hurt. Nations like Brazil, Argentina, Chile, Sweden and Italy who made a killing in the Persian Gulf.

Then there are the East European countries who were merrily selling to one and all, or the other newcomers to the arms market such as Singapore, North and South Korea and even South Africa.

Lots of Second and Third World nations have learned to squeeze dollars out of the big powers by playing one off against the other. Less rivalry, at least for the time being, between Washington and Moscow means that the allowances of many Third World nations will be cut.

It's going to be hard for Israel to raise more cash in Washington by advertising itself as a bastion against Soviet expansion into the Mideast. Ditto for Pakistan.

The same applies to the feuding Turks and Greeks. And who knows, if those wildmen in North and South Korea ever manage to start talking instead of fighting, their stipends from Moscow and Washington might also be slashed.

The gulf war's end also means more money woes for sinking Egypt, which has had one million guest workers in Iraq. Also for Turkey, which was shipping \$1.4 billion a year of food and industrial goods to warring Iran and Iraq.

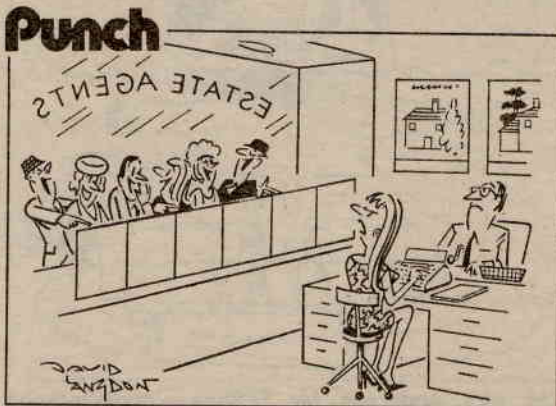
Tanker owners will have to figure out what to do with their surplus ships, now that the Iranians and Iraqis are no longer conveniently sinking surplus tonnage. And all those "experts" on regional wars and terrorism may now have to seek work selling aluminum siding.

Peace sounds easy, but it's not. The world's arms industry, a major employer and producer, is on the skids. Oil prices may go haywire. Bankers will tear their hair.

No wars and thus no more cash from Washington or Moscow means no more limos or caviar for lots of Third World bigwigs. It's back to the bus and bananas.

Scratch the discreet shopping trips to Paris, or those fun-filled nights discussing politics with Madame Claude's exquisite blondes. Forget buying little baubles at Cartier or suits at Lanvin.

And so it goes, as the ripple effect of peace expands outward bringing financial disaster to one and all. Peace is nifty all right, but can we really afford it?



"Bit much — just standing around laughing at house prices."