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## ТРИ МИФА ОБ ЭКОНОМИКЕ ВОЙНЫ

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## THREE MYTHS OF THE ECONOMICS OF WAR

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### Introduction

Wars have been fought since time immemorial. And there are multiple ways of analyzing the nature of war, and the economics of war is a good example. The economics of war concerns the study of war from the economic perspective, as opposed to, say, the political, military, psychological, cultural, structural, or systemic one (as already discussed in my latest book *The Future of Capitalism and Democracy*, and the arguments hereafter presented are just an excerpt, but with major revision).

Each perspective, economic or not, has its own merits and, unfortunately, biases too, though the latter is not something that its proponents like to readily admit. In the case of the economics of war, perhaps three examples (hereafter analyzed) suffice to illustrate the biases inherent in many views concerning war and its relation to economic issues.

### Myth #1: Those Involved in Wars Pay for the Costs

In a way, there is some truth to the statement, since wars are costly, and many major powers in history which engage in war-making have some means to finance them. But wars can be carried out even if a party in question does not have sufficient financial means to do so. Kings and emperors, for instance, at times plundered their national treasures to go to wars and, when not enough, taxed heavily their poor subjects and those they conquered to finance their military campaigns. Napoleon, for instance, in his short military campaign to conquer Egypt, so heavily taxed the already poor Egyptian folks that this earned him more animosity and resentment among the natives than he needed.

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Питер Бауфу получил степени бакалавра по экономике и философии в Университете Невады, затем магистра философии в университете Джона Хопкинса и магистра политических наук в Северовосточном университете, а далее степень доктора философии в Массачусетском технологическом институте. Бауфу получил почетную стипендию им. У. Фулбрайта, преподавал в Восточносредиземноморском университете на Кипре, в Гарвардском университете, Массачусетском технологическом институте и университете Джона Хопкинса. В качестве исследователя и консультанта работал с Институтом города, Американского института экономических исследований и Центра стратегических и международных исследований, выступал с лекциями и докладами перед множеством различных профессиональных ассоциаций, университетов и корпораций.

In modern times, for instance, during the Cold War, the North Vietnamese economy could not have been able to engage in the nasty and expensive war for so many years against the U.S.-supported regime in the South without the massive foreign aid from the two Communist giants at the time, that is, the Soviet Union and Communist China. They could not

have won the Vietnam War against the U.S. and the South without the help of the two Communist superpowers. And by the same logic, but in a reverse direction, the Afghan fighters could not have defeated the Soviets and forced them out of Afghanistan without the technical and financial help from the U.S. and other local allies.

And these are just two good examples of "proxy war" so often fought among the major powers.

### **Myth #2: Wars and Their Preparation Are There for Security Reasons**

Surely, when attacked, groups, be they city-states, nation-states, or higher units, often have to fight for self-defense, so security reasons are important when waging a war or preparing for it. But historically, wars can be fought for imperialist reasons, often in different forms of exploiting the resources of the conquered. The Spanish conquest of the Americas, for instance, was for what David Landes called the Three G's, that is, gold, glory, and God, which had little to do with the self-defense of Spain against foreign invasion. And many other military conquests since modern times, as is the case of Western colonialism, have an element of greed hidden behind the campaigns, so Lenin is not totally wrong in arguing that imperialism is the highest form of capitalism in crisis, though his thesis cannot explain the existence of non-capitalist forms of imperialism (e.g., Nazi, Fascist, or Imperial Japanese).

In later times, for instance, during the Cold War, President Dwight Eisenhower, himself a former military commander, once warned of the "military-industrial complex" in the United States, in that the military, as an institution and organization, tends to evolve over time to pursue its own turf interests, in alliance with the defense business contractors, independent of the larger issue of national security. And after the Cold War, one is tempted to think that the U.S. defense budget should be dramatically cut, since the threat of American national security by the Soviet Union is no longer existent. Yet, the military establishment fights for its survival by coming up with different "threat scenarios" (often much exaggerated) in the context of the so-called "rogue states" (e.g., Iraq, North Korea, Libya) to help maintaining its huge defense budget for incredibly expensive weapon systems, and the call for a national missile defense is an excellent case in point.

The story began during the Cold War, when, until 1998, it was often argued that "no potentially hostile country - apart from Russia or China - would pose a long-range missile threat to the United States before 2010." (M.Dobbs 2002:A1) Then by 1999, the excuse was changed into arguing instead that rogue states like North Korea, "one of the world's last surviving hardline Communist states, could test an intercontinental ballistic missile capable of hitting the U.S. territory 'at any time.' According to a September 1999 intelligence forecast, Iran could test such a missile "in the next few years."<sup>1</sup> But by 2002, a new U.S. intelligence estimate suggested just the opposite, in that "they now judge a non-missile attack [via ships, trucks, airplanes, or other ways] more likely than one from an intercontinental ballistic missile," so this "new estimate could affect the debate over the Bush administration's \$8 billion increase...in spending on missile defense research." (W.Pincus 2002: A18)

As Joseph Cirinciione, director of the nonproliferation program at the Carnegie Endowment for International Peace, observed, intelligence analysis can become politicized over time, and "[s]ome consumers of intelligence within the government say the shifting forecasts of

the ballistic missile threat are a case study of how an ostensibly objective intelligence process can be buffeted by conflicting political pressures, from home and abroad."(M.Dobbs 2002:A12)

### **Myth #3: Increased Trade Makes War Unlikely**

In a way, the more different parties trade with each other, the less they focus their time and resources on fighting each other in war. But things are not so simple, and three major illustrative reasons can clarify this point.

Firstly, war-making is costly and therefore is more an exception than a normal (everyday) pattern in human history. People seldom fight each other anyway, unless they have to, as a last resort, with or without trade. So, the thesis that increased trade makes war unlikely misses the point, since wars are uncommon anyway in daily life, with or without trade (although there is some merit in the statement too).

Secondly, the more people trade with each other, the more dependent they become, and this sense of vulnerability can increase conflict among them, for the Realists. Political scientists often notice, for instance, that WWI was possible, even though the trade levels at the time were quite high, so non-economic reasons must be used to explain the situation.(D.Copeland 1996) Conversely, one might assume, according to the myth, that the less countries trade with each other, the more likely they fight. But this is also not true, since, during the Cold War, the two power blocs of East and West did not trade much with each other but did not go to war with each other either. And the serious danger of a potential WWIII and the balance of power between the two power blocs, for instance, are important to understand why they did not fight each other, even without much trade, although these are non-economic reasons.

And thirdly, those, like the U.S. and her allies, which trade a lot, are often most war-prone (not less) in interfering into the affairs of others and being aggressive towards them. The U.S., for instance, has engaged in bombing other countries and violated international laws so often that anti-American resentment (in special relation to foreign policy issues) is high, especially in many parts of the non-Western world, and this is all the more so in the post-Cold War era, when the U.S. becomes the dominant hegemon.

In this light, perhaps it is not difficult to understand that, even the war on terrorism after the September 11 attacks on the World Trade Center and the Pentagon in the U.S., successful as it is in overthrowing the Taliban and making many of them on the run, does not win the hearts and minds of the rest of the world. As Salman Rushdie (2002), while being highly critical of the corruption and incompetence in many Islamic states, yet wrote: "These days there seem to be as many of these accusers [against America] outside the Muslim world as inside it. Anybody who has visited Britain and Europe, or followed the public conversation there during the past five months, will have been struck, even shocked, by the depth of anti-American feeling among large segments of the population, as well as the news media."

Even among the elites, according to a survey (conducted by the Pew Research Center, the Princeton Survey Research Associates, and the International Herald Tribune newspaper, from Nov. 12 to Dec. 13 in 2001, in the midst of the war in Afghanistan) of "elite" opinion based on "interviews with persons identified as "influential" in government, politics, culture, the media, or business" in two dozen countries in five continents, sizable majorities disagreed that the U.S. was well admired because it does "a lot of good around the world."(K.Richburg 2001: A34) And a separate Gallup poll conducted in nine Muslim countries around the world also found that "53% of the people questioned had unfavorable opinions of the United States, while 22% had favorable opinions."(CNN Online 2002)

## Conclusion

Myths exist for good reasons, even when there is some truth in each. And the economics of war is not immune from being inflicted with them. The reasons often reflect different constellations of power interests and hidden ideologies, just to cite two obvious ones.

In the first myth, military victory can look more spectacular than it really is, in downgrading the origins of external help. In the second myth, greed and evil deeds are hidden in the name of what appears as more noble (more presentable) ends. And in the third myth, the virtues of capitalism and democracy are glorified, when its vices are not spoken of.

Although there can be more than three myths in the economics of war, the didactic lesson of illustrating the three is to reveal how much the very discourse on the nature of war is essentially embedded in conflicting human interests and competing power relationships, among other reasons.

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