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Political Economy of War, Armament and State Power

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Résumé : The links between war and the economy are historically close, both being, in turn, ends and means. In some case, civil or military war are prerequisites for economic development and a factor of economic power. In other case, it is a burden and an incitation for war. Economic warfare can also aim at weakening the military power of a state. There are two objectives to economic warfare: to coerce the enemy and to dominate the partners. The nature of "war" has changed, it is not the main concern of today's societies, but it is a recurrent threat. It no longer puts battalions on a battlefield. It is becoming diffuse, based on political and economic variables.

Résumé Les liens entre la guerre et l'économie sont historiquement étroits, les deux étant, à leur tour, des fins et des moyens. Dans certains cas, la guerre civile ou militaire est une condition préalable au développement économique et un facteur de puissance économique. Dans d'autres cas, elle constitue un fardeau et une incitation à la guerre. La guerre économique peut également viser à affaiblir la puissance militaire d'un État, soit dans une situation de guerre (blocus), soit dans une situation de paix relative est souvent recherchée. La guerre économique a deux objectifs : contraindre l'ennemi et dominer les partenaires. La nature de la "guerre" a changé, elle n'est plus la préoccupation principale des sociétés actuelles, mais elle est une menace récurrente. Elle ne met plus des bataillons sur un champ de bataille. Elle devient diffuse, basée sur des variables politiques et économiques.

Mots : guerre, guerre économique, armement, puissance étatique, effets de domination

war, economic war, armament, state power, effects of domination
The purpose of economics is to define an organization of goals and means to provide for the production and consumption of goods and services for life and survival. Since the end of the last world war, more people have died of poverty than of the 14,000 wars recorded since the beginning of human history. The links between war and the economy are historically close, both being, in turn, ends and means. Thus, a war is already won in its preparation. The economy is itself a weapon, intended to impoverish or destabilize the enemy country (sanctions, blockade, destruction). In this context, economic optimisation gives way, at least in the short or medium term, to the relative power of states. War and the economy have coexisted since the origin of humanity. War is not only a burden; it is also a system of predation and power relations. Slavery and colonialism recall the close links between wars, the effects of domination and the differentiated economic developments of nations historically dependent on each other. According to Clausewitz, war is the pursuit of politics by other means. However, the preparation of war is costly.

The relationship between war and the economy is ambiguous. A country's independence is a sine qua non for its economic development and the state must then protect itself from the covetousness of its neighbours. The United States developed especially after the Civil War, Washington gained world economic leadership after the First World War. Wars transform the economic, political and cultural balance of power of nations, whether they are victims of armed conflict or merely passive players. In many cases, war has been the fundamental element of national unity, as in the case of Germany, a prelude to accelerating the processes of development of the national economy.

Civil or military war, a prerequisite for economic development and a factor of economic power

War is often waged as a means of acquiring the wealth of others. Predation is a practical way to get rich. "That is why he who kills an enemy must be reprimanded, and he who seizes the enemy's wealth must be rewarded" (Sun Zi). For Aristotle, every man must fight to preserve his freedom and wealth and lead the people into slavery, an efficient and natural means of production. Preparation for war is an incentive factor for technical and technological progress conducive to economic development. They imply considerable expenses adapted to the threats or territorial ambitions.

Until recently, predation and power were the two main acknowledged reasons for wars. For the German historical school, war favours the development of productive forces. For Sombart, the European industrial revolution and the capitalist system were the fruits of war. The military needs of armed conflict created the preconditions for the development of capitalism by favouring:

- The constitution of large markets, with centralization of orders and mass consumption, improvement of the competitive spirit and the search for profit,
- The encouragement of industrialization, industrial concentration, technological innovation, standardisation, the search for economies of scale and rational organisation of work, and the development of the financial sector, through the management of the State's military debt.
- The learning of social discipline by modern armies and the formation of new fortunes.

The use of power relations reinforces the coherence of States under construction. The spirit of enterprise is close to the warrior soul. War is a necessary evil for the economic development of capitalism. The imperialist state develops its markets in countries that are still weakly developed, sometimes with the help of violent means. In this way it appropriates raw materials and cheap means of subsistence, to the detriment of the economic progress of the colonised countries. Imperialism, without armed conflict, leads to the misery of the colonized countries. The army becomes a productive force that energizes national capitalism.

Historically, military technology has always been a vector of development. The army is a consumer adapted to the industrial system and the economic interests of the industrialists and the military complement each other. The basic principles of the US military industrial system in terms of machine tools, spare parts, and mass production have been extended to the civilian sector. With the Manhattan Project, major military projects have received the organized support of modern science and technology. With the introduction of military secrecy on high technology, science, technology and the economy became hostages of political power. Today's economic development depends to a large extent on the military choices made fifty years ago. Technology is not apolitical. For Bouthoul, war is irreplaceable in its function of rebalancing or socio-demographic readjustment. For Ernest Mandel, by creating artificial scarcity, "armament and war have played an important role in modern history as a driving force in the acceleration of industrialization and the expansion of markets".

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Geopolitics highlights the balance of power between the powers⁴. For mercantilists, the Prince's interest is the fundamental objective of any national economy. The State is then an organization of power devoted to strengthening the prosperity of the national economy. It is a question of weakening the opposing forces, by all means such as cunning, violence, colonization, enslavement or the use of weapons. Power does not exist without a strong economy and a dominating army. These ideas will be taken up by List, an unconditional supporter of the national system of political economy who suggests that liberal laissez-faire leads to the domination of the strongest, and by Veblen⁵, for whom nationalism and economic warfare are essential to the development of the capitalist system. The thesis of unequal exchange, the theory of underdevelopment as a product of the development of the great powers or strategic analyses based on game theory are all reflections that perpetuate this type of economic analysis in terms of power. Washington, the arbitral power of the world, is consolidating its world leadership through international organizations (responsible for transforming the law of the strongest into international law) and the ideology of globalization. The dollar owes its value to the military hegemony of the United States. US economic policy has always been marked by geo-economic considerations, even though the US government advocates, in its rhetoric, impartial and apolitical free trade. National security depends first and foremost on economic strength, and each nation competes with others in world markets.

For J.K. Galbraith⁶, the threat of war is an indispensable element in the control of social disagreements and anti-social tendencies. Proposals for transforming war production into charitable public works projects are unrealistic unless they challenge the economic system. There are no valid substitutes in American capitalism for the military functions of conflict. The threat of war, as an instrument of government stability, provides the most effective means of achieving stability and control of national economies through the subordination of citizens to the state and the control of social disagreements. The system based on war has proved its effectiveness since the beginning of history.

For the marxism, war belongs to the field of the superstructure; it is conditioned by the antagonistic social relations of capitalism. Only revolutionary class struggle leads to peace. For Lenin⁷, the systemic character of wars is inherent in the capitalist mode of production.

⁶ Galbraith J.K. (attribué à), La paix indésirable, rapport sur l'utilité des guerres, Calmann Levy, 1968.
Imperialism, the supreme stage of capitalism, is necessarily characterized by total wars and capitalist exploitation of the world. If Marxist thought is above all marked by the concept of class struggle, the concept of imperialism explains that, at a certain stage of its development, capitalism is also a producer of conflicts between the bourgeois states. For Baran and Sweezy⁸, capitalism secretes a surplus, defined as the gap between production and solvent demand. This surplus can be absorbed by the capitalists' consumption, by waste, by civil government spending, but military spending is more efficient in this role. They respect the rules of capitalism, by not redistributing income to those with low productivity, and they stimulate collective values, which ensure the sustainability of capitalism. A large military expenditure, a major solution to the contradictions of capitalism, therefore contributes to the prosperity of the United States. For Gunder Franck⁹, colonialism is the original and permanent cause of underdevelopment.

The burden of military expenditure and war

Today, armed conflicts are particularly destructive and therefore very expensive. Preparation for war can be destructive, as the failure of the Soviet Union bears witness. The potential attacker must be aware that he will suffer losses (economic sanctions and destruction of men and equipment) and a reduction in his gains (resistance, industrial sabotage, terrorism). Because of the extreme seriousness of the use of nuclear weapons, states have used economic weapons. The related costs, which are significant, are rarely highlighted. The use of the economy for power purposes is akin to the decision of an armed conflict. Moreover, those who apply the means use the very concept of “economic warfare”.

For English and French Physiocrats and Classics, war and its preparation are explained variables of the monopoly spirit. Armed conflicts appear as fundamentally political phenomena. In order to ensure the sovereignty of States, military forces must be constituted to dissuade the covetousness of other States in their predatory tendencies, but, for Ricardo, the uninterrupted growth of military spending inevitably leads to war. Malthus hypothesizes that war is primarily the result of insufficient economic development in relation to population growth. While an increase in military spending may, in the short term, increase global demand, in the long term, with the impoverishment it inevitably generates, it becomes a fundamental source of conflict. If population control is assured, the forces of war will be brought under control.

For Walras\textsuperscript{10}, national defence is rejected from the field of study of economics. However, if all countries adopted free trade, standing armies would be abolished and international disputes would be settled by arbitration. Economic theory should lead to the rejection of wars, which is a goal within the reach of future generations. Generally speaking, liberal economists consider that war has no future in a developed society. Military spending, with its questionable low training effects, is a waste and an unbearable cost. Moreover, Pareto \textsuperscript{11} is going to rise up against the militaristic excesses of European governments. Opposed to state intervention in economic life and convinced of the spoliation of the people by the ruling classes, he considered that ill-considered wars, illegitimate in developed societies, lead to the decadence of civilisations. The purpose of deterrence is to affirm to the opponent that, whatever its objective, its action will not be successful. Richardson’s analysis\textsuperscript{12} shows that increasing budgets for war preparation increases the likelihood of war. Three factors play simultaneously: the evolution of potential adversaries' military spending, grievances, and economic "fatigue" resulting from the enormous costs of military spending (thus reducing development potential). In this context, the arms race is war producing. The economy plays a rather moderating role, but if grievances are strong, war can intervene, causing human and economic disaster.

Keynes\textsuperscript{13}, a convinced pacifist, wants to eradicate both war and communism (this "insult to intelligence"). If rearmament can lead to a temporary revival of the economy, it is only a stopgap solution because, as it does not in itself respond to social needs, it ultimately hinders the national potential for economic development. It is preferable to commit public investment to building or public works that are socially useful. Military expenditure is the most unproductive form of public expenditure. Arms production is supposed to be an unproductive consumption. Security is also a matter for the economy, as economic crisis sometimes leads to the overthrow of democracies and the application of power policies. The threat of communism to the peace of Europe cannot be circumvented without the economic development of European countries. Then Keynes condemns the excessive compensation demanded by the Allies, because the economic exhaustion and humiliation of a great nation are not a good basis for a society of peace. Germany's economic crisis is a threat to the economic

\textsuperscript{10}Walras, L. (1879), De la culture et de l'enseignement des sciences morales et politiques, in Mélanges d'économie sociale, volume VII.


\textsuperscript{13}Keynes (1939), Will rearmament cure unemployment ?, The Listener, June 1

Economic wars

Economic war has always existed, from sieges to embargoes, in situations of war (scorched earth policy or economic terrorism) or peace (boycott or embargoes). The primacy of the economy in new international relations is affirmed. Economic warfare can also aim at weakening the military power of a state, either in a situation of war (blockade) or in a situation of relative peace is often sought. There are two objectives to economic warfare: to coerce the enemy and to dominate the partners.

Many economic strategies do not aim at the well being of the national economy or its development, but rather at the weakening or enslavement of another economy. Sanctions to cause significant economic damage to a country in order to change its policies (apartheid, violation of minority rights, tyranny or war) are essential instruments of economic power. Economic factors become permanent weapons that, however, in order to regenerate themselves, cannot constantly be diverted from their essential functions. Insecurity depends on the arms race, inequality, international domination and even social exploitation. The economy has become an instrument of power. Direct (or military) strategy is made difficult by the power of nuclear forces. States are therefore led to have a strategy of "indirect manoeuvre", which is defined as the exploitation of the narrow margin of freedom escaping nuclear deterrence by other means. Oblique deterrence strategies, economic retaliatory measures, embargoes and boycotts are all powerful weapons whose economic and political effects depend on self-defence measures, international solidarity and the potential for substitution. While the economy provides the military means to fight the enemy, the economic weapon, designed to weaken the potential enemy, is often embedded in warlike conflicts.

- First of all, the state must control the sale of weapons that could be turned against it. It is a matter of developing strategies to control the export of dual, half civil, half military products, in order to prevent the opposing army from increasing its economic potential. More broadly, the reduction of the

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potential enemy's military and economic strength is sought. In this context, unequal exchange is claimed. However, the defence of the military industrial base undertaken by the Pentagon and the COCOM policy, with a strategic-military purpose, have proved to be extremely costly.

- The collapse of the Soviet economy was undoubtedly favoured by the application of the strategy of impoverishment through the war preparedness effort. The arms race is a cost, which the wealthier can more easily take into account. The least developed countries are getting poorer faster, as they do not have enough "discretionary income". Under these conditions, the arms race leads to the weakening of the poorest state, with a view to destabilising it socially, politically and economically, to the point of renouncing power.

- The strategy of rupture proposes to create economic problems in the rival country in order to increase its political and social difficulties. The disruption of trade or financial flows destabilizes the target country. The embargo is an instrument of retaliation designed to exert strong pressure on a sovereign decision of another state. In the absence of a sufficient international consensus, this weapon is dangerous for those who use it. The main victims are not always those who are targeted. This policy is part of a "negative-sum game" for the protagonists.

- The strategy of encirclement aims to develop links of economic interdependence that can guarantee peace (Realpolitik). New economic solidarity is the best deterrent to aggression. This strategy has not yet been used effectively.

- The strategy of political violence consists of taking economic power from another country when it is hostile and weakening its dominant social strata. It is then necessary to control the political forces of the state apparatus and the trade unions, through nationalisation or privatisation, strikes or riots.

- The strategy of domination leads the dominant countries to influence the dominated countries in their strategic decisions. The economic weapon allows one country, or group of countries, to dominate another through the power conferred by the monopoly on the provision of goods and services vital to its survival. The United States has often used the food weapon against developing countries.

Saving a country is better than destroying it. Submitting the enemy without fighting is best (Sun Zi, Art.14)\textsuperscript{16}. Today, all international economic relations must be interpreted from a strategic point of view, as a result of the complex interplay of international power relations. International economic relations (such as foreign aid, capital flows or trade negotiations) are an instrument of political pressure (or reaction). Foreign economic policy (such as protectionism, economic sanctions or control of strategic products) are at

\textsuperscript{16} Sun Zi, L’art de la guerre, Economica, Paris, 1990, article 11.
the service of a nation's political objectives. Thus, Baldwin\textsuperscript{17} considers that, in a situation of increasing economic interdependence, the overlapping national interest must be taken into account. In this context, the distinction between war and the pursuit of power is blurred.

The power of the state is also measured by economic power, both middle and end. For Thurow\textsuperscript{18}, the Triad is entering an intense economic battle, an economic war that the United States cannot afford to lose. The danger is becoming clearer. It is necessary to protect high-tech sectors, to support American companies that are victims of subsidies from foreign companies, to help high value-added sectors and to act firmly in international forum to promote the development of the American economy. This time, the enemy is more pernicious, sometimes even a partner. "The United States will be the military superpower of the 21st century. But it is the first of the handicaps if it wants to remain an economic superpower. With the end of the Cold War, the United States engaged in economic warfare, with military imperatives often being used as an excuse to develop an industrial policy, promote research and development and subsidise national companies. Economic factors often dominate the agenda of strategic considerations. For Bill Clinton, since each nation competes with others in global markets, national security depends first and foremost on economic strength. This idea, opposed by Krugman\textsuperscript{19} (a country is not a company), has nevertheless given the American government an important administrative apparatus to act on international economic and strategic relations, notably through economic intelligence.

For Labarde and Maris\textsuperscript{20}, globalization is universal, civil and permanent war. It is an oligopolistic and cartelized organization of the world, in the respect of the financial logic, which defines a new organization of work of the capitalist enterprise and the freedom of installation of the owners of capital. Capital has always been international, stateless, more financial than industrial, more speculator than producer of wealth. Globalisation can only assert itself by reducing social protection and solidarity. Politicians have an overwhelming responsibility, by accepting financial instruments that give private operators the opportunity to have the weapon of international financial warfare at their disposal. Multinational companies are the beneficiaries of this globalisation. The WTO, the euro, privatisations, the liberalisation of the financial markets and social dumping are indeed the result of political decisions that meet the expectations of the

\textsuperscript{18} Thurow, L. (1992), Head to head : the coming economic battle among Japan, Europe and America, Morrow, N.Y.
markets, to the detriment of workers. Poor countries are weakened by a globalisation that calls for neither world citizenship nor corporate citizenship. It is a daily and widespread civil war, sometimes even sanctioned by collateral conflicts with significant deadly consequences. Economic war seeks to weaken, weaken or destroy the enemy. All means, as in real war, are then mobilized. Economic war is social suicide.

For Arrow\textsuperscript{21}, the previous age of globalisation, the end of the 19th century, the beginning of the 20th century, culminated in the First World War. This shows that the opening of borders is not a necessary step towards peace. Yet today's military authorities combine an insatiable demand for new weapons with an increased aversion to their use. It is not so much globalization as the factors that encourage it that provide the signal for a reduction in the potential for international armed conflict. However, if for Ohmae\textsuperscript{22} the end of nations is inscribed in the peaceful and rather benevolent logic of the market economy, for Reich\textsuperscript{23}, the defender of positive economic nationalism, the inevitable disintegration of national economies risks increasing insecurity and impoverishment. This would then lead to the rise of regional states as new growth factors. The nationality of a company becomes meaningless as money, technology and factories cross borders with fewer and fewer restrictions. Transnational firms and markets, which are now the main players in the international economy, encourage the mobility of capital and relocation procedures and the development of new technologies, which are important factors of income. The United States intends to become the sole arbiter of a now globalized world economy, maintaining its global economic and cultural hegemony. For Claude Serfati\textsuperscript{24}, globalisation goes hand in hand with the regressive dynamics of capitalism. Alongside pockets of prosperity, the world economy is in crisis and the gap is inevitably widening. Globalisation, dominated by the richest countries and based on inequality, does not lead to peace, but to war (with or without weapons) for the distribution of wealth.

Today, war, in its strict sense, is subject to several contradictory theories. War in the strict sense (i.e. armed) is no longer an instrument for managing conflicts between states. Firstly, because it is too costly, and secondly because the development of democracy is a factor of peace. Finally, war is no longer socially "recognized" as a mode of crisis management, because of the very existence of nuclear weapons\textsuperscript{25}. The

\textsuperscript{21} Arrow, K.J. (2002), La globalisation et ses implications pour la sécurité internationale, Pax Economica n°6, Grenoble.


emergence of new armed conflicts is the subject of debate. For Brzezinski, the technological imperative calls for the political reorganisation of the planet. American society, the first global society in history, escapes imperialism. It is a global model of modernity, with universal techniques, based on the information industry, which will modify the institutions inherited from the industrial society.

Disarmament is often demanded, but it is never strategically made possible, given the security to be provided to its citizens in a competitive production model. The economy, a cause of war, is also a means of armed conflict. The nature of "war" has changed, it is not the main concern of today's societies, but it is a recurrent threat. It no longer puts battalions on a battlefield. It is becoming diffuse, based on political and economic variables. Economic war is to state terrorism what war destruction is to armed conflict. It is a matter of using the appropriate weapons, of whatever nature, to gain a right or a domination. As such, blockades, sieges or mercantilist-type power actions may, in the long run, become techniques of war or conflict recognized by States.

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