War and Empire: The Political Economy of US Militarism
by Robert Reuschlein

Back to Previous Page

Meeting from August 23-26 2003, members of the Union of Radical Political Economists, URPE, considered war and empire. The David Gordon Lecture was given by Michael Perelman of Cal State Chico on War, Empire, and Economic Decline. He said empire emerges with weakening of the economy. (I would take this a step further to say that "empire" with high levels of military spending causes a chronically weakened economy.) He went on to say the US was outsourcing production to concentrate on distribution, and that deindustrialization was acceptable to the public. (I find this an inevitable result of wasting key resources on the military, thus hollowing out the technological base of the economy to leave only the service and distribution sectors at world class competitive levels as "empire decay" sets in.)

He alluded to strategic overreach, saying "ever new acquisitions bring ever new frontiers of risk." He said the military would not save the economy, that postwar busts follow wartime booms, and he mused that WWII might have marked a height for demand helped by war. (But I say the 1946 economy was the same size as that of 1941, setting America back five years, and that the manufacturing productivity growth rate for the forties was 40 percent below average, suggesting four lost years, most likely the war years. Of course others suffered even more: Russia was set back 8 years, Germany 13 years, and Japan 17 years by the war.) He said the military squanders talented resources making civilian industry less competitive.

Other speakers were Bob Pollin, Alan Campbell, David Laibman, and Paddy Quick. Pollin, who will soon host the URPE office at the University of Massachusetts in Amherst, anchored a Sunday morning panel on The Effects of War and Empire at Home. The speakers were good; it's just that they all seemed to agree that military spending stimulates the economy, a point for which I find precious little evidence. (Even in World War II, when war bonding failed to keep up with war spending in the third and fourth years, the economy slowed and then halted. So I believe that deficit and adrenaline war booms happen in spite of a military drag on the economy, not because of military spending.)

Pollin's lecture discussed the Clinton years as a 36 percent cut in the military and a 10 percent to 20 percent drop in social programs producing the surplus: that's the peace dividend. He argued that the stock market boom helped boost private consumption from 62 to 68 percent of the economy, creating the growth wave as local government grew and federal government shrank from 22 to 18 percent. He thinks the best way to stimulate the economy would be for the federal government to bail out the states. Nothing in his lecture suggested the negative effects of military spending as outlined by Michael Perelman. Pollin believes in military Keynesianism, ignoring the possibility that large cuts in military spending after the end of the Cold War propelled the nineties boom. He sees military spending as a political negative but an economic positive.

Alan Campbell was the coordinator of workshops and plenaries. The group is certainly egalitarian, and tries to give everyone a workshop. He also presented a slide show demonstrating a rich understanding of the Cuban economy.

David Laibman used his thorough grasp of the ins and outs of macroeconomic analysis for an imaginative workshop showing aggregate supply and demand models with their sundry price level variables and feedback loops.

My workshop on the "Social Decay of Empire" focused on the ways societies with high military spending become stagnant and frustrated internally.

Robert Reuschlein, a member of ECAAR, is an MBA engineer and CPA and a war-gaming mathematician who has published and spoken widely on issues of war and economics.
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Back to top