

Economic
interdependence
globalization and the
causes of war politics
essay



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This paper will review academic literature in the area of international security in order to determine the relationship between economic and political factors and their impact on the occurrence, degree of severity, and impact of military conflicts. Literature will be presented according to several themes, including economic motives for international conflict; the relationship between economic interdependence and political alliances; and the positive and negative effects of economic “ globalization.”

Economic Motives For International Conflict

In examining the literature presented in *Conflict After the Cold War* by Betts, several historical and contemporary perspectives of the applicability of economic factors to the consideration of political paths to war. Angell (in Betts 271-272) evaluates the fundamental motives of international conflict and the effect of economic considerations on the probability of future wars by raising the argument that great powers have passed a level of political and economic development which will no longer allow for costly and massive wars. Considering this was written in 1913, just prior to the outbreak of World War I, one must raise serious concerns as to the validity of the arguments made by Angell in this paper. By stating that wealth is a factor of the interactivity between nations in terms of financial capital (through credit and commercial contract), and his inference that the level of economic interactivity between nations has made war impractical and costly, Angell is raising an argument that seems to run through a great deal of the literature presented in this week’s readings: that is, political systems have evolved to a point where war is unnecessary from a political and economic perspective.

We see similar arguments raised by Blainey (in Betts 273-280) where he argues that modern machinery, transportation and systems of trade have interconnected nations to such a degree that nations began to follow the “Manchester Gospel.” Yet, as Blainey observes, war did not end. Conflicts between nations increased by 1914 and by the mid to late 1930s, war seemed inevitable again on a global scale. The question then becomes – Why didn’t trade and economic interactivity alleviate or at least mitigate the causes and outcomes of both World War I and World War II? As Blainey continues to argue, we must ask ourselves – is peace an effect of interdependence and commerce or is that an “optimistic assessment?” He would argue that the evidence of a cause/effect relationship between peace and economic interrelationship is lacking. His ultimate argument (as credit to Boulding) is that “Threat systems ‘are the basis of politics as exchange systems” and thus a democratic country depends on threats and force (either economic, political, or both). In reality, the peaceful economic and political conditions which some democratic nations (such as the United States and Great Britain) have experienced is more an effect of “the military security which the ocean provided.” This argument correlates well with the Arguments that Mearsheimer makes in his book *The Tragedy of Great Power Politics* (2001).

Further historical examination of the relationship between economic motives and conflict are considered by Lenin in his paper “Imperialism, the Highest Stage of Capitalism” (in Betts 281-287). In this paper, Lenin argues that imperialism is the highest of several evolutionary stages which capitalist societies undergo on their quest towards wealth. In his argument, the

evolutionary process of capitalism results from the increasing quest for economic monopolies at a regional and ultimately global level. Any profits obtained by capitalist nations are immediately distributed among the rich and fail to positively impact the lives of the poor and working class citizens. The quest for imperialistic holdings (land and resources) and the movement towards global monopolies are seen by Lenin as the roots of future conflict. While Lenin's views have been severely criticized and the economic wars predicted by Lenin (leading to the rise of the proletariat) have not yet occurred, Lenin does have an intuitive understanding of the underlying motivating factors of economics. Therefore, this reading has direct applicability to the understanding of how economic factors can motivate nations to enter into wars and/or refrain from escalating conflicts into wars.

Trade, Alliances, and Preferential Agreements

Expanding on the research presented thus far, we see additional theories related to the development of economic and political alliances. This discussion is the pivotal underpinning of Mansfield and Bronson, who analyze what effect political alliances and preferential trading arrangements have on the bilateral flow of trade. This research study found that the independent political and economic effects/externalities achieved from political alliances or preferential trading agreements are outweighed by the interactive/synergistic benefits obtained by combining the two. It is the interaction between alliances and preferential trading arrangements that explains patterns of bilateral trade much more completely than the independent effects of each. Some other findings in this research study are:

(1) open trade is much more likely to evolve among allies than among
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adversaries; (2) trade among allies is likely to enhance the security of all parties; (3) the gains from trade accrue to states with common security goals and strengthen the overall political-military power of an alliance. When examining open trade among adversaries, the Mansfield and Bronson observed negative security externalities (ie. decreased overall security of all parties) and paradoxical effects on state security (ie. trade between adversaries decreases one state's security and bolsters the security of the other. They also observed that private traders and investors have incentives to act in a manner consistent with governmental policies and a negative correlation between trade barriers and local prices (leading to a decrease in overall economic growth at a domestic level. Given that nations are more likely to impose trade barriers on adversaries than allies, it is observed that preferential trade between allied nations has a more positive economic effect. This is particularly true of political alliances and trade agreements between great powers who are also allied nations. Further experimental research seems to support this hypothesis. The authors would see this research (particularly when applied to trade between the United States and China) as encouraging the expectation that positive alliances, preferential trade arrangements, and increased interactive trade between great powers should have a positive effect in deterring future conflict. One could see this as supporting the optimistic views of Angell. If so, we still must ask - why, given the number of alliances and trade arrangements of the day (1913-1914) did global conflict still occur?

Rosenzance approaches this question from the same perspective of realism described by Mearsheimer. In his view, it is the need for territory and

resources that still motivate nations to enter into armed conflict. As examples, he cites the oil crisis of 1973-1980 in which the need to control the supply and availability of oil led to internal discussions as to the possibility of using military force to regain control of foreign oil (particularly in Saudi Arabia). He argues that territorial gain is the only means of advancing a nation's interest and that a war for territorial gain is particularly dangerous in a post-nuclear age. He sees the growth of global interdependence as the only way to mitigate the desire to acquire and control territory, and thereby to mitigate the chance for conflict. As the number of independent nations rises, the argument is made that the level of economic interdependence will also rise as smaller nations must make alliances and preferential trade agreements with stronger nations (ie. regional hegemons) in order to acquire the natural resources and political security necessary to survive. Thus, globalization and economic interdependence should lead to less conflict and greater economic benefit to all nations. As the number of trade arrangements, alliances, and degree of globalized trade increases, positive externalities should be the result. As we will see in the papers by Boehmer and Sobek and Gartzke, Li, and Boehmer, these externalities (if leading to economic development and prosperity) should have a positive propensity towards peaceful coexistence and a negative correlation with armed conflict.

Economic Interdependence, Globalization, and the Probability of Military Conflict

As mentioned previously, most authorities take a linear “ evolution”

approach to the question of economic development and its correlation to <https://assignbuster.com/economic-interdependence-globalization-and-the-causes-of-war-politics-essay/>

militarized conflict. Yet Boehmer and Sobek take a unique approach to the question. In their research program, they have hypothesized and confirmed a non-linear “inverted u” shaped functional relationship between economic development and international conflict. In their research, they have isolated a point (identified as an apex) at which the probability of armed conflict reaches a maximum and then begins to decline. If one assumes three stages of economic development, we would see that the point at which a developing state reaches a level of economic development in which it has sufficient wealth (opportunity) and industrialization (proxied for willingness), the probability of war increases greatly. As industrial capital is converted to financial capital and as a nation develops more interdependent trade relationships, the probability of conflict decreases (as the marginal utility of conflict in comparison to the costs of such conflict inversely change - ie. utility becomes less and costs increase). Thus, we see a justification for the economic development of nations in the “adolescent stage” so as to minimize the propensity towards conflict. This involves a change from an industrial economy to a service-based and financial capital-based economy. If we compare this research to others in the field, we can see that the “adolescent stage” of economic development is really where the necessity for land and resources exists (as a nation becomes more industrialized). This would then confirm (to an extent) research by such authorities as Mearsheimer and Rosecrance who argue that territorial disputes are most likely to lead to conflict.

Gartzke, Li, and Boehmer further approach this line of research by examining the economic costs of an armed conflict vs. the benefits of territorial

acquisition and conflict. In their model, economic exchanges and agreements can be used as a means of “ signaling” otherwise private information such as intent, willingness, and resolve in a dispute in order to alleviate the probability of armed military zke, Erik, conflict. If economic interdependence between nations is great, many such signals will exist and the probability of miscommunication and conflict will decrease. Therefore, interdependence is seen as being of benefit to all parties involved and has a dampening effect on the probability of armed conflict. This would seem to correspond with observations made by other authors within the field who have argued that the level of economic interdependence is highly correlated to the level of peaceful resolution and bargaining. Given that bargaining is a means of turning the zero-sum game of war into a multilevel game where benefits and costs are seen by both parties, the research included in this paper would indicate that conflict is not inevitable if economic exchanges can be used as a means of mitigating a dispute in an option that doesn't include armed conflict.

Conclusion

This paper has evaluated and analyzed the readings of several experts in the field of international security so as to understand the relationship between economics and conflict. We have seen that, all other things being equal, economic interdependence and development have positive impacts on the outcomes of potential conflict and that a options do exist to military exchange in a world of globalization and economic interdependence.