

The Economics of Conflict and War

RES Special Session
Chair: Paul Dunne, UWE Bristol

The Economics of Conflict and War

- Economists tend to emphasise making money rather than making war, but recent events have shown the importance of the economics of conflict.
- The war in Iraq has been something of an eye-opener for the world.
- It has emphasised the immense costs of war and conflict to all but a relatively small number of profiteers.

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- It has also highlighted the ease with which wars can be started and, with superior force, despatched, and the difficulties and costs of bringing them to an end.
- The destruction of what was a relatively high income country in the region has been a salutary lesson.
- It shows the potential for conflict to impose high economic and social costs.

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- While economics as a subject has tended to ignore issues of war and conflict in the Cold War period, this is not the case historically.
- War and economics have been entwined since the origins of economics as a discipline: there is likely to be little production or trade without some form of security.

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- Managing the war economy has been a central question
 - from Ricardo on the bullion controversy, provoked by the suspension of the gold standard during the Napoleonic Wars,
 - through to Keynes on how to pay for the War.
- The economic causes of conflict have also been considered, from
 - the liberal view that trade promotes peace to
 - the mercantilist-Leninist view that war is the continuation of economic competition by other means.

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- In addition, economic analysis has been used to improve the effectiveness of war –
- from Adam Smith's discussion of the relative effectiveness of standing armies and militias
- to twentieth century applications of game theory to nuclear targeting (von Neumann was the model for Dr Strangelove).

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This session:

- provides some recent examples of the research literature
- gives some idea of the important contributions that economists can make
 - to understanding the dynamics and costs of conflict and war
 - assisting in the search for peace.

The Economics of Conflict and War: Presentations

- Keith Hartley, York:
Economics of Conflict: Iraq
- Paul Collier and Anke Hoeffler, Oxford:
Costs of Civil War
- Maria Garcia Alonso, Kent:
Asymmetric Conflict