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**AN EXPLORATION
OF THE COMPLEX INTERACTION
BETWEEN ECONOMIC DEVELOPMENT
AND MILITARY CONFLICT**

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Abstract:

The history of mankind has taken a sinuous path along the ages, with ups and downs, shifts in direction and changes of paces, accomplishments and tragedies. All these irregularities were due to different factors, the most important of them being probably wars. Like it or not, violence is in our genes and has driven the path of the societies, states, empires or republics as they appeared, rose, flourished or disappeared. During all that time, people surprisingly managed to evolve, economically and technologically. But where these developments independent of the violent nature of humans, or were they influenced by it? Or maybe the other way around? Since the sought answers are not simple, the present paper will try to bring just a little bit of light into this shadowy domain.

Without peace, there can be no development, but without sound socio-economic development, there can be no sustainable peace. [1]

1. Introduction

For millennia, the humankind evolution was reflected in demographics, economics, technology and so on. For the same timeframe, its path was affected by conflicts, shaping the way it moved ahead (most of the times), changing direction and accelerating or slowing it down.

Most of the times, wars were directly influenced by unbalanced or unfair societies' development and vice-versa, fighting determined the direction of the evolution of human groups, in particular their wealth. As history taught us, there were and most likely there will always be multiple links between these two fundamental facets of the human civilization.

The complexity level of the relationship between the conflicts and the economical development of different actors into conflict is overwhelming and has fed the imagination of great thinkers throughout the ages. The present paper has the humble intent of revealing only some of the most significant correlations between these two aspects of humankind evolution (or sometimes involution).

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2. Insights on the interaction between economic development and the military conflict

2.1. Uneven economical development – triggering factor for a conflict

It is quite naturally that different groups have different evolutions, even if neighboring and subject to similar conditions. This is due to each one's intrinsic abilities to transform resources in hand into wealth, and its native skills to preserve it. The result is that most likely there will be differences in the quality of life between bordering societies, inevitably leading to one group coveting the other's wealth and craving for it.

The uneven distribution of wealth is acceptable up to a certain breaking point, when the envy of one group overcome the fear of conflict, reaching the level of triggering a skirmish with the other in order to get so desired other's goods. This was the world's order since the first cave man cracked the neighbor's head over a chunk of brontosaurus meat, and unfortunately will forever cast its shadow over humanity. This is part of what we are and there's no point in denying it.

Sometimes parties tried to justify the conflict through different reasons in search of the image of the righteous in the eyes of history, as well as trying to secure the home public support for the war effort, but in fact the trigger was always the craving for other's wealth. As such, during the Middle Ages the crusades departed under the banner of the holy cross and resulted into pillaging cities in Asia Minor (very often including the Christian cities on the way!). Centuries later, US troops entered Iraq in order to bring democracy to a society with a traditional tribal mentality, in a region that happened to be very rich in oil – the result of the Gulf Wars was the vast control over a critical resource at the dawns of the twentieth Century. Sorry for having to say that, in the future, for sure we'll have the chance to witness again this king of rationing – the word trying to justify the sword.

2.2. Competition for resources

Other times, the economical development of some societies have put them into the situation of initiating a military conflict, in order to get an essential resource, more required by the economical activities. In fact, very often the growth of human activities is limited by the amount of natural resources available to those activities like land, water, oil etc., or other types of resources like access to strategic ways of communications, advanced technologies, sites of high spiritual value and so on. In such situations, initiating parties claimed the inevitability of the conflict due to the essential need of the resources the others had or controlled. This was best captured by Travis Sharp in 2007 in an article [2] published under the aegis of *The Center for Arms Control and Non-Proliferation*, in which he wrote: "From 1914-1982, twelve major international conflicts were fueled by access to resources, including World War I, World War II, the Six-Day War of 1967, and the Falkland/Malvinas Conflict of 1982. Since 1982, resources have exercised an even more dramatic influence on the initiation, duration, and intensity of both inter- and intra-state conflicts."

On the other hand, in some cases the growth in number of population became unsustainable by the low level of resources at hand in conjunction with the poor development, leading to shortages in the very basic needs like food, fresh water, basic health care, security. For example, the year 2011 brought to the world the worst drought in Africa, leading to a food crisis especially in Somalia and Ethiopia. In this case, armed factions fought for essential goods required for the survival – water, grains and livestock.

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As presented by the online edition of *The Economist* in an article [3] dated July 7th, 2011: “In areas lucky enough to have a little green, armed herders are violently competing for dwindling resources. In Kenya alone more than 100 herders have been killed so far this year.”

2.3. Economical development as enhancer for the military conflict

Besides the loss of lives, any military conflict entails loss of goods and waste of resources, without which the fighting effort cannot be sustained. That’s the reason why, before starting any kind of aggression, a group will normally assess very carefully its capabilities against the opposing force, in order to secure the victory of the campaign. Failure in doing so, either on short or long term, leads to defeat (as it was so bitterly seen by the Germans in WW II when they failed to foresee Russian’s capability to sustain a long term war effort).

Military conflict requires a significant level of availability of resources from the involved parties, sustainable for extended periods of time. Since this is directly linked to the economical development, we can see it as a conflict enhancer, meaning that a war is likely to continue as long as the belligerents have the means to sustain it. When one party runs out of food, water, oil, manpower or whatever commodities essential to the war effort, most likely it will seek truce or surrender, effectively ending the conflict.

In reality, there isn’t a linear relationship between the economical development and a state’s willingness to engage in a conflict, as Boehmer and Sobek pointed out in the article [4] *Violent Adolescence: State development and the propensity for militarized interstate conflict*, published in January 2005 in *The Journal for peace research*, later quoted by Braddon and Hartley in the *Handbook of economics of conflict* [5]:

“A high level and a low level of development reduce the risk of militarized conflict, whereas an intermediate level of development gives rise to interstate conflict. [...] poor states lack the military capability to wage an extended war and thus the opportunity to escalate a conflict to the state of war. Highly developed countries, though having the military wherewithal, are less likely to risk their prosperities and economic relations. In between these two poles fall the ‘moderately’ developed economies. These economies may have the right mix of opportunities and willingness to engage in belligerent behavior.”

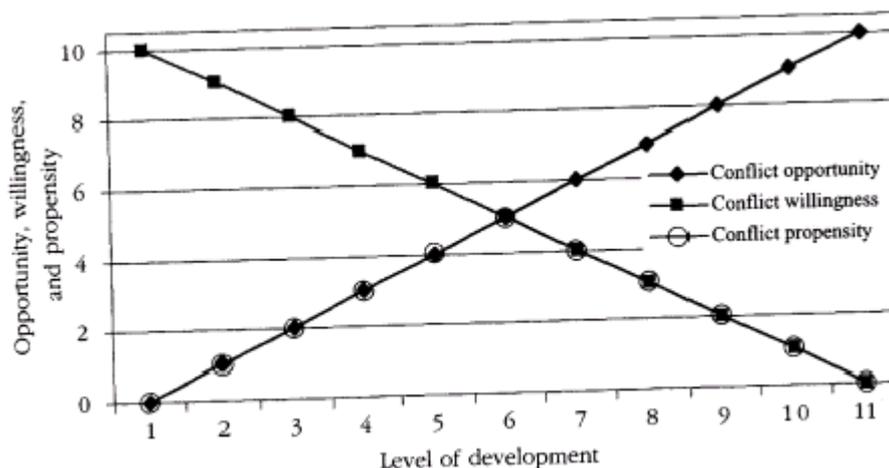


Fig. 1 – Graphical representation of conflict opportunity and willingness (thus resulting propensity), over economical development

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2.4. Impact of military conflict on the economical development

Generally, military conflicts have a negative impact on the economy not only of the belligerent parties, but also of those in relation with these. As Joshua Goldstein noted in his article [6] *War and Economic history*, published in 2003 in the *Oxford Encyclopedia of economic history*: “Wars are expensive (in money and other resources), destructive (of capital and human capital), and disruptive (of trade, resource availability, labor management). Large wars constitute severe shocks to the economies of participating countries. Notwithstanding some positive aspects of short-term stimulation and long-term destruction and rebuilding, war generally impedes economic development and undermines prosperity”. He goes then into more details on the economical effects of conflicts, consisting in:

- inflation, which is the general increase in prices due to the fact that in wartime even common goods and services are usually difficult (or even impossible) to be provided, because most of the economical activities concentrate into the war effort. This was obvious even from the early ages of civilization, as Sun Tzu stated: "Where the army is, prices are high; when prices raise the wealth of the people is exhausted". Maybe there was no better moments to see it then during the Middle Ages, when kingdoms relied heavily on mercenary armies, very expensive to maintain – the key to the success was to have more money than your opponent; some states succeeded in doing so by expanding the empires overseas, conquering rich new territories able to assure a steady flow of silver and gold.

Another ways to provide the necessary financing of the war effort was to print more currency and thus skyrocketing the inflation, or to go for external credits leading to debts hard to pay, sometimes putting the country into bankruptcy (as it happened to Spain in the second half of the sixteenth century). For example, Milton Friedman and Anna Jacobson Schwartz pointed out in Chapter 3 (*World War II Inflation, September 1939– August 1948*) of their work - *From New Deal Banking Reform to World War II Inflation*, published in 1980 under the aegis of Princeton University Press: “The outbreak of war in Europe in September 1939 ushered in a period of inflation comparable to the inflations which accompanied the Civil War and World War I, though more protracted than either. By the postwar price peak nine years later (August 1948), wholesale prices had more than doubled, the implicit price deflator had somewhat less than doubled, the stock of money had nearly tripled, and money income had multiplied more than two-and-a-half-fold.”

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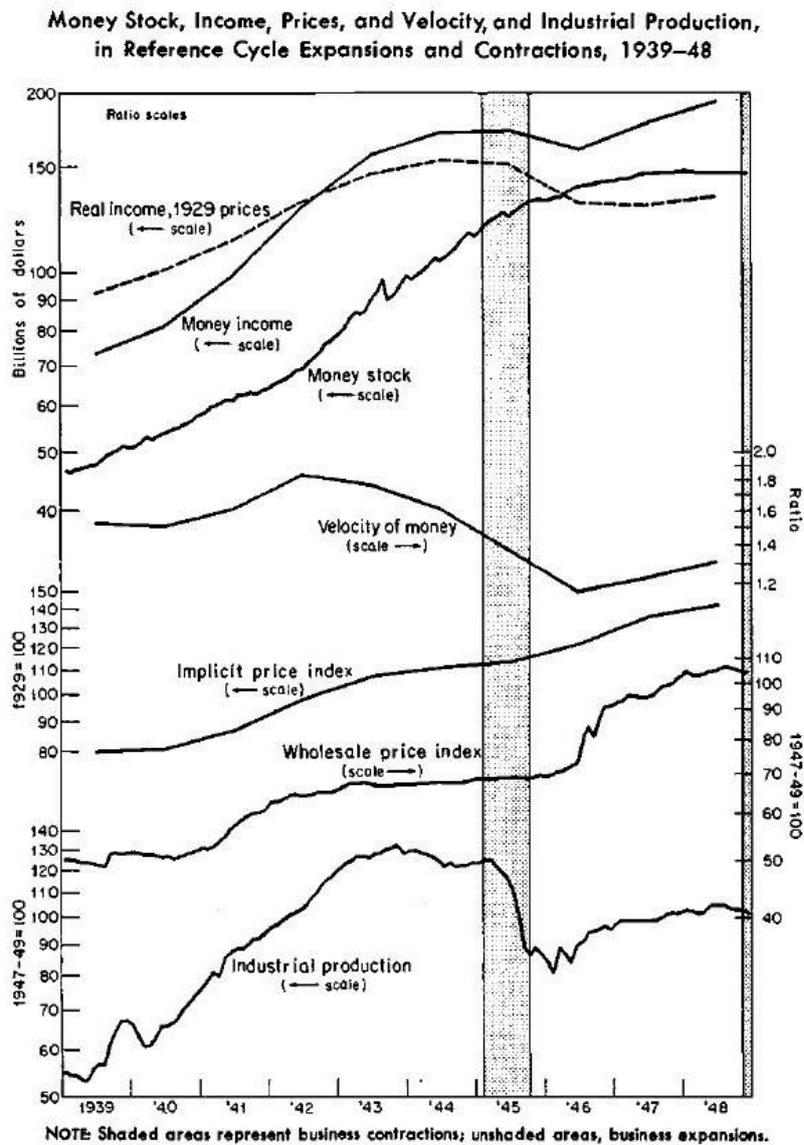


Chart 1 – Money Stock, Income, Prices, and Velocity, and Industrial Production, in Reference Cycle Expansions and Contractions, 1939—48

- waste of capital (economical assets and manpower): in addition to diverting significant resources from economical development into the war effort, battles usually come with the price of destruction of infrastructure and loss of qualified labor. During World War II, the city of Stalingrad, one of the most industrialized region of Russia, turned into rubbles as a result of the heavy fights for controlling this important production center, thus becoming unusable for the Germans; in fact it became a turning point into the war, both parties wasting a lot of resources in the area.

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Fig. 2 - Rubble of Stalingrad's Red October Steel Factory [7]

On the other hand, if factories can be rebuilt within years or decades, waste in humans can have a more far reaching effect, since they ripple throughout the decades. Besides the obvious loss of lives wars come with (either casualties directly attributable to fighting or deaths caused by disease related to conflict), they induce other significant social changes like: the gender balance (through the death of mostly men on battlefield, leading to situations where women assumed leading role in home industry supporting the war effort); changes into mentality, setting up long-lasting animosities (maintaining the perception of one population towards former opponents as “enemies” long after the end of the conflict); post-conflict “baby-booms” had a decisive influence in the way the societies evolved decades after the First and the Second Wars. Although states carrying conflict outside of their territories (as US did during the twentieth century), they are not safe from all these influences and still can observe their effects;

- debts of the defeated as compensations owed to the winners: usually the post-conflict recovery is much harder when the state losing the battle has to pay compensations to the other parties – sometimes it is impossible to economically rebuild for decades. In this situation, it is of paramount importance that the winners acknowledge the need to assist the recovering country through different means: either to wipe out or restructure the debt (as it happened in 1953 with Germany's debt after the World War I and World War II, based on the *London Agreement on German External Debt* [8], which reduced the amount owed to international creditors and stretched the reimbursement over 30 years, and additionally stated that Germany was to pay the debts only when she would have a trade benefit and the reimbursement would not exceed 3% of the export earnings – thus encouraging foreign state to do business with the country trying to rebuild after the war), or the setup of reconstruction mechanisms based on international funding as part of peace building (as it happened in Iraq in 2003, when *Iraq Relief and Reconstruction Fund* (IRFF) [9] was established by the US Congress and allocated more than 20 Billion USD -initially 18 Billion USD, later supplemented - on an multi-year approach in order to support the reconstruction of the infrastructure ravaged by war);

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Sector	Allocation November 2003	Allocation September 2008	Difference
Electric	\$5,560	\$4,202	\$(1,358)
Water resources and sanitation	4,332	2,051	(2,281)
Security and law enforcement	3,243	4,962	1,719
Oil infrastructure	1,890	1,728	(162)
Justice, public safety infrastructure, and civil society	1,318	2,300	982
Health care facilities	793	812	19
Transportation and telecommunications	500	462	(38)
Roads, bridges, and construction	370	305	(65)
Education, refugees, human rights, and governance	280	539	259
Private sector development	153	868	715
Administrative expenses	0	220	220
Total	\$18,439	\$18,449	\$10

Note:

Numbers are affected by rounding.

Table 1 – IRFF Sector Allocation from November 2003 to September 2008 (Million USD), according to the report of the Special Inspector General for IRAQ Reconstruction, SIGIR 11-013 dated April 22, 2011 [10]

using large amounts of funding in order to develop and support military capabilities, thus diverting the capital from more useful civilian use (such as education, public health, infrastructure development), that could provide beneficial effect over long term and provide the foundation for further growth. As Joshua Goldstein noted in his article [6] *War and Economic history*, published in 2003 in the *Oxford Encyclopedia of economic history*: “During the Cold War, high military spending contributed (among other causes) to the economic stagnation of the Soviet Union and the collapse of North Korea, whereas low military spending relative to GDP contributed to Japan's growth and innovation. During the 1990s, as real military spending worldwide fell by about one-third, the United States and others reaped a "peace dividend" in sustained expansion. However, effects of military spending are long-term, and sharp reductions do not bring quick relief, as Russia's experience since 1991 demonstrates.”. All this rationale is valid, of course, when the threat is below the level where all these investments would be jeopardized by the perspective of being overtaken by the competitors.

In order to be historically fair, one must admit some other effect of the conflicts, consisting in the economical development due to:

- mobilization of forces and resources under the state's authority, in order to support the war effort. In the absence of this concentration of efforts, usually the outcome of the economical activities follow an uneven distribution, most of the income being allocated to a reduced number of the fortunate-ones and later on being unwisely spent. The military expenditure can sometimes serve as a mean to re-launch a receding economy, as it was the case during the great depression in the 30's, when the US preparations for war lead to reduced unemployment and a better use of industrial base; or, as Paul Baran and Paul Sweezy pointed out in the work [11] *Monopoly Capital - An Essay on the American-Economic and Social Order* (page 153), published in 1966, when talking about US economy in the 1920-1950 timeframe: “It is of course in the area of defense purchases that

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most of the expansion has taken place – from less than 1 percent of GNP to more than 10 percent, accounting for two thirds of the total expansion of government spending relative to the GNP since the 1920’s. This massive absorption of surplus in military preparations has been the key fact of postwar American economic history. Some six to seven million workers, more than 9 percent of the labor force, are now dependent for jobs on the arms budget. If military spending were reduced once again to pre-Second World War proportions, the nation’s economy would return to a state of profound depression, characterized by unemployment rates of 15 percent and up, such as prevailed during the 1930’s“ (the period when US faced the Great Depression. They presented also a brief comparison of the figures reflecting US spending, versus GNP:

Government Spending, 1929-1957
(Percent of GNP)

	1929	1957
Non-defense purchases	7.5	9.2
Transfer payments	1.6	5.9
Defense purchases	0.7	10.3
Total	9.8	25.4

Table 2. Comparison of US spending in the ‘20s vs. 50’s

- technological development, since a lot of new inventions were pushed forward by the pressure of military for better weapons. Most of these new technologies (such as radar, jets, GPS and so on) found civilian use later on, leading to economical improvement. However, it is arguable whether the money spend on the development of the military technologies later converted into civilian use, wouldn't have had a better effect if it had been invested directly into civilian research;
- infrastructure rebuilding: the war-induced destructions very often led to the situation where one country's whole setup was wiped-out and later rebuilt from scratches. In this case, the newly built roads and buildings were more appropriate to the use in modern times, comparing to the old ones (even today, some countries struggle with cities organized the way they were in the Middle Ages, tributary to their own inflexibility throughout history). Big working sites as part of post-conflict reconstruction boosted economies through high employment rate and new business opportunities (for example, after the destructions in the First and the Second World Wars, France knew an economical development in the 50's much higher than in pre-conflict at the beginning of the century);
- gain of the winner: it is obvious that any war has at least one party benefiting after the conflict, through the following:
 - **direct use of the conquered resources:** the whole history of conflicts shows the tendency of expanding empires to “consume” the gain of the occupied regions (usually in terms of: raw goods - grains, salt, lumber and later oil; fortune in any forms - silver, gold, jewels; and finally manpower – more commonly known in the dawns of history as “slaves”) in order to support increasingly larger armies necessary to sustain the expansion of the empire while maintaining the well-being of the citizens. Maybe the most obvious examples would be the Roman empire between first century BC and fifth century AD, which used the slaves from the conquered regions as cheap and affordable labor and the treasures of the occupied territories in order to provide *panem et circenses* (bread and

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circuses) to keep the Romans satisfied; or the Ottoman empire, (which raised in the thirteenth century, flourished after the fall of Constantinople in 1543 and lasted until the early twentieth century), that used to force the conquered nations to pay, on yearly basis, not only a quite consistent monetary tribute but also a contribution to the army in form of children and young people, to be drafted and forcibly enrolled into infantry units called *Janisseries*, further used to sustain the authority of the empire over the foreign lands. The policy of draining resources from the occupied territories left traces that can be seen even today (for example, in the South Africa the rail infrastructure reflects the initial purpose of assuring the transportation of raw materials from the mines and from the plantation towards the coastal ports, in order to be shipped to Netherlands and Britain);

- **control over territories producing significant resources:** it is quite obvious even to the simplest mind that, if the use of the conquered fortunes can support the well-being for short periods, the best way to secure a long term prosperity is to own or control assets that repeatedly produce resources, such as mines, farms and plantations, fishing grounds, oil-producing regions and refineries, industrial base and so on. The bigger the benefits are from such assets, the more attractive they are to possible pretenders and the higher the risk of military conflict is. That was the case for example of the oil-rich territories in Kuwait, invaded in 2000 by the militarized neighboring Iraq (invasion took two days to unfold and lasted for seven months until the military intervention of a international coalition under the lead of USA, later known as the first Gulf War). Disputes over rich territories can be settled through arbitration and conflict can be avoided in some fortunate environments (usually when all parties would risk significant losses if going for conflict, comparing to the potential gain) – that was the case with the continental shelf area in the vicinity of the Serpent Island in the Black Sea, challenged by both Romania and Ukraine – ultimately settled by the International Court of Justice in 2009, the solution being somewhere between the claims of the two parties;

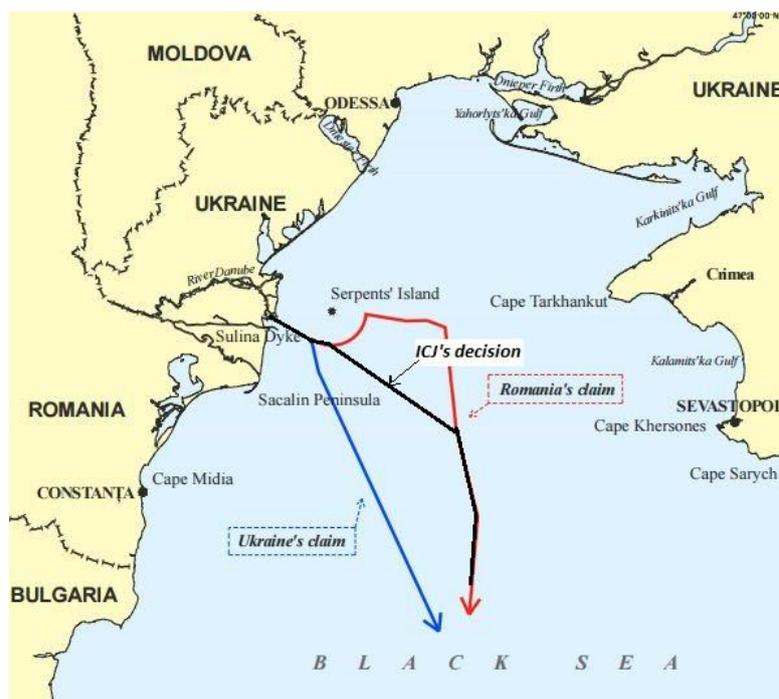


Fig. 3 – Serpent Island and the claims over sea continental shelf

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- **control over strategic choke points** (such as straits, bridges, channels, passes): this allows the controlling state to impose tolls on the passing merchandise (hence gaining considerable revenue on long term) and even restrictions (thus having a tool to control the balance of power into the region). One of the most commonly-known cases is the regime of the Bosphorus strait, linking the Black Sea area to the Mediterranean through the Sea of Marmara: the strait represented an important strategic point throughout the ages, this being most visible during the sixteenth to nineteenth century, period in which the Ottoman Empire controlled the strait and ultimately imposed the rule of not allowing the Russian ships to cross it, thus transforming the Black Sea into a Ottoman lake; the situation led to the outbreak of several Russo-Turkish wars and later fights during the World War I; the status of the strait was eventually settled by the *Montreux Convention Regarding the Regime of the Turkish Straits* [12], signed in Switzerland in 1936.
- another one case was the 1989 US campaign into Panama, aimed at securing the control over the Panama Canal; the channel had been built by French (in late nineteenth century) and finished by the US (1914) in order to provide a much shorter route for maritime ships from Atlantic to Pacific (the traffic increased from 1.000 ships in 1914 to roughly 15.000 ships nowadays; more than 1 million ships already passed through the channel since its construction); the channel had been US-owned and administrated until 1977, when it was handed over the Panama administration under the provisions that a small US garrison would remain in place and that the US ships would freely transit the channel; that was to change in 1989 during the Manuel Noriega regime, triggering a military intervention from the US resulting in the disembarkation of Noriega (the intervention was called by the Americans “Operation Just Cause”, while the Panamanians called it “La Invasion” (The Invasion); in 1999 the channel was passed under full authority of Panama; the tolls charged by the Panama Canal administration are based on the tonnage of the ships passing through and went throughout the history of the channel up to 375.000 USD, averaging about 50.000 USD. For example, in the latest years (2011-2013), i.a.w. Panama Canal Authority [13], the total revenue was roughly about 2,4 Billion Balboas (1 Panamanian Balboa = 1 USD):

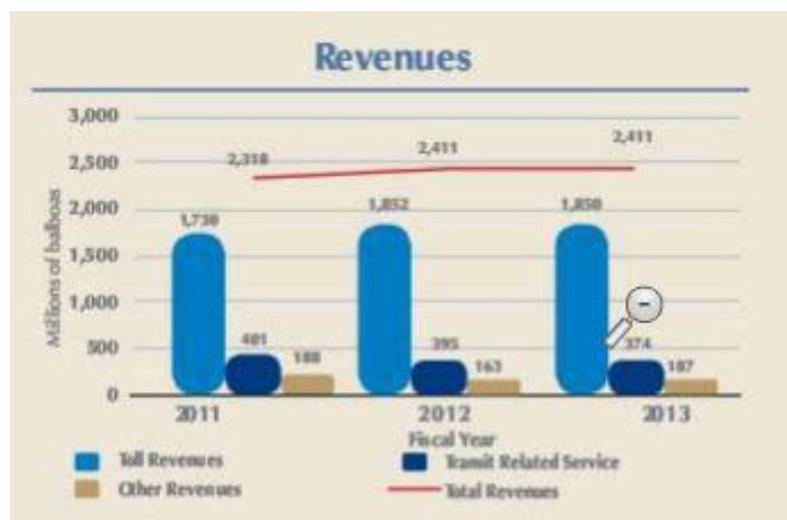


Fig. 4 – Panama Canal revenues in 2011-2013 timeframe

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- Controlling choke-points such as straits allows one state to have a position of force into the region, as seen in the case of the Strait of Hormuz: it links the Persian Gulf with the open seas, hence being the transit point for as much as between 20% and 40% of the petroleum traded around the world; it lies between Iran at North-East and Oman at South-West, and has a width of roughly 50 nautical miles out of which the navigation width is 5 nautical miles, split between inbound and outbound traffic. Due to its narrowness, it represented the best way Iran tried to impose into the region, by blocking the merchant traffic (and most important – the crude oil outgoing from the Gulf). This led to skirmishes and even fights with US Navy, resulting in a continued tensioned situation into the area, from the operation Praying Mantis in 1988 (resulting in the sinking of one Iranian frigate and 7 other smaller boats) until nowadays.

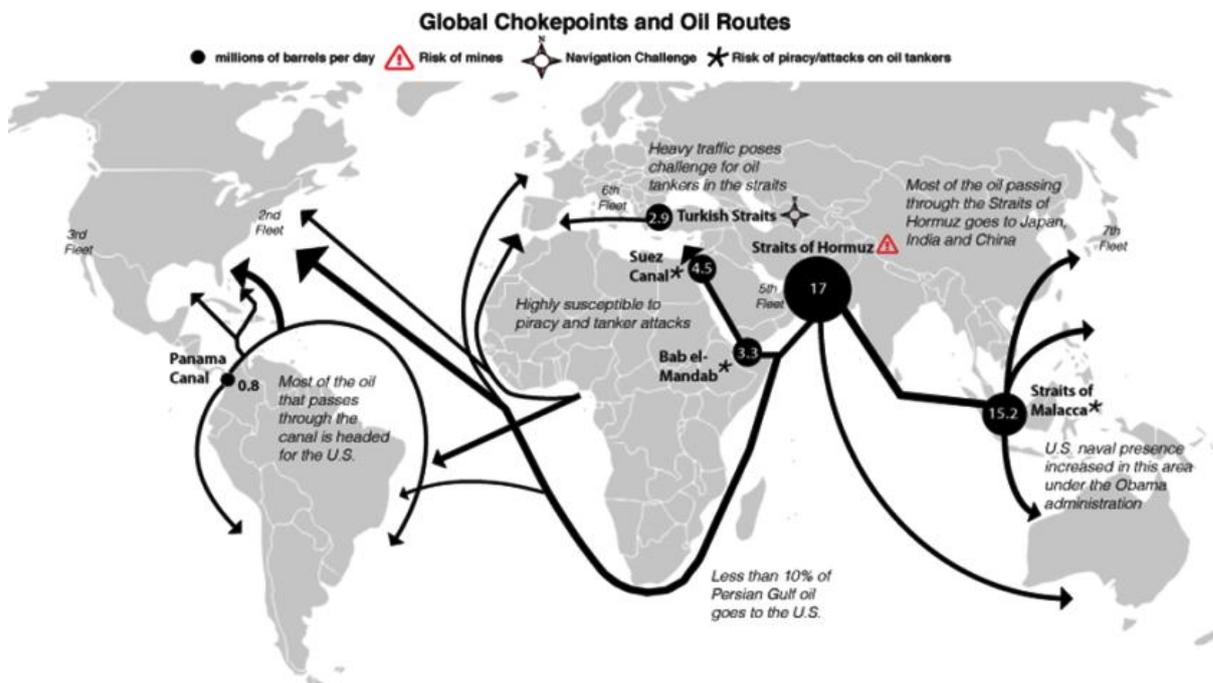


Fig. 5 – The importance of the Hormuz strait in the international flow of oil

- changes in the public mentality: while victory brings a sense of triumph and pride to one side in the aftermath of a conflict, across the lines the feelings are usually dispersed in a wide spectrum, ranging from desperation to a sense of “constructive fury”, as if to show the true meaning of Nietzsche’s words: “What doesn’t kill me, makes me stronger” [14]. When seeded over a specific mentality such as the Anglo-Saxone or Japanese one (rooted deep down into a culture of hard work spirit and sense of duty), this kind of feeling can have a mobilizing effect, motivating the population to endure and commit to superhuman efforts in order to make the best use of the scorched fields left in hand, so that they can prove themselves in the eyes of the history. This was in fact the case with Germany and Japan after the Second World War, who’s population’s resilience became an example for the whole world.

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2.5. The vicious cycles

All these cause-effect relationships, multiplied by the mutual influences presented above, lead in the end to some of the worst cycles for the humankind:

- poverty → military conflict → economical stagnation or even regression → poverty: this is the case with most of the conflicts occurring today in Africa and some poor Asian Countries. The constant struggle for survive in these areas impede the growth of their economies (mostly based on mining and agriculture), keeping the status at a barely survival stages or even below – in some cases the population rely on international support in order to cover the basic needs. In this environment, the violence flourish as the only rule is the survival of the fittest (the one fitted with the biggest gun). Armed groups and militias impose their own rules of seizing the momentary benefits, regardless of long-term result. Even worse, the fights between different factions result in further destruction of the already poor infrastructure (houses, roads, wells etc.) and loss of lives. In turn, the lack of personal security further encourages people to join these armed groups. Hence there is no possibility for these societies to economically recover, and the cycle is thus complete. This still applies even today, as Joshua Goldstein noted in his article [6] *War and Economic history*, published in 2003 in the *Oxford Encyclopedia of economic history*: “In some of the world's poorest countries, such as Sudan and Afghanistan, endemic warfare impedes economic development and produces grinding poverty, which in turn intensifies conflicts and fuels warfare”.

- economical development → higher stake → military expenditure → technological development: at the other edge of the civilization, there is the race for armaments. The countries with superpower claims invest a significant level of resources into the military development, in order to add credibility to their statements (forging swords to back up the words). In doing so, they put a lot of resources into military-oriented activities, such as research and development, allowing the technological evolution, further strengthening their sense of being among leaders. Some of the new technologies find their use in the civilian sectors, bolstering new areas and providing new opportunities. This was the case for example of the missile development in the twentieth century: during World War II the Germans developed V-1 and V-2 rockets as weapons of terror against the civilian population in United Kingdom; as the course of the war shifter and eventually resulted into the Germany's defeat, the team of German rocket scientists led by Werner von Braun surrendered to the US troops, while the whole research facility at Peenemünde (including hundreds of V-2 rockets under different stages of construction) was taken over by the Soviets. Further on, the American side used the von Braun-led team of German specialists to build up the American Short and Intermediate-Range Ballistic Missile program (the Redstone family of missiles [15]), and later on switched to civilian use under the aegis of NASA, peaking with the Apollo mission in 1969, leaving the footprint of humankind on the Moon. On the other hand, the Soviets used the technology captured at Peenemünde to further develop Surface-to-Air Missile Systems (SAM's), ubiquitous in nowadays' wars – that later on being the foundation for further Soviet missile development, with the moments of glory in 1957 when the first man-made object flew into space under the name of Sputnik-1, or in 1961 with the Vostok-1 mission when the first man left Earth for a sub-orbital flight (Yuri Gagarin). All these accomplishments led to a space race between the two super-powers, which eventually turned to have some beneficial effects into the civilian life – today we take for granted satellite communications, GPS, weather forecast based on space imagery, orbital-based deep space telescopes). There are still a lot of argues whether

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all these resources put into military research and development, eventually turned into civilian use, wouldn't have been better used in directly sustaining civilian economical development.

If for the armaments cycle race one can argue that it is limited only to the states affording this kind of race and that it might have some beneficial effects, the first cycle (poverty-violence-destruction) proved to be the most detrimental to the humankind evolution, even nowadays ravaging some of the realms on Earth.

2.6. Peace building – role of economical development in conflict prevention

Trying to impede the cycle most catastrophic to peace, one might find himself facing the conundrum such as the classical chicken and the egg: what part of the cycle is he to address: is it the poverty that is to be solved initially, or is it the cease-fire to be sought with higher priority, or maybe the reconstruction should come first? Well, I believe that the answer is disappointingly simple: all of them contribute to the overall effect of stabilization in conflict prevention, and all of them should be concertized.

One can argue that the cease-fire must obviously be realized as soon as possible, and it is true that economical reconstruction cannot start under the permanent threat of the attacks. However, it is imperiously necessary to go deep to the roots of the violence and identify the underlying conditions leading to permanent conflicts; otherwise, the risk of turning into an everlasting peacekeeping operation is at the highest degree. Only by addressing these basic factors like poverty, shortage of basic needs and lack of brighter perspective is possible to go to a path of a sustainable peace. The best way of doing that is to start a sustainable economical development, starting with the basic activities (like bolstering agriculture even in the most arid regions, dwelling wells, improving transportation infrastructure, implementing sound health care facilities, providing increasingly education and so on).

The role of the economical development in the conflict prevention has been acknowledged at the highest level, and specific bodies being created to this purpose, such as the UN Department of Economic and Social Affairs (UNDESA) [16], with a working group specialized in Conflict Prevention, Peacebuilding and Development. At its meeting held on 15 November 2004 at the UN headquarters in New York, Mrs. Susan Brown presented their findings, collected into the work named *The Road to Peacebuilding: You Can't Get There From Here* [17]. Among its key conclusions, the most relevant for the conflict-economy equation are presented below:

“- Without peace, there can be no development, but without sound socio-economic development, there can be no sustainable peace;
- Continuous economic decline contributes significantly to state collapse and conflict. Economic and social programs are crucial to the pursuit of sustainable peace;
- There is a clear relationship between poverty and poor governance. Conflicts flourish in weak or failed states. The fact that the incidence of civil war is significantly higher in the poorest countries should make engagement with fragile states a top priority;
- In order to increase the possibility of sustainable peace, development and foreign policy need to fill the persistent gap between emergency relief and sustainable development by developing more robust transition assistance programs to break the cycle of violence;
- It will not be possible to achieve the Millennium Development Goals for poverty reduction and socio-economic development without addressing the real issues which tear communities apart.”

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3. Conclusion

Undoubtedly the conflicts and economy are closely linked and influence each other, often in a very obvious manner but sometimes in quite subtle ways. The facts presented here are intended only to present maybe the most visible ones, and open the way for further readings.

The conflict drives the pace of economy, through destruction, waste of capital and manpower, or boost of technological development. On the other hand, resources play a major role in the triggering, the unfolding and the outcome of any armed conflict. The two-way influence between these factors has been a constant throughout the ages.

If we are to learn from history in order to avoid past mistakes, we need to look closely to the very deep causes of the violence and try to address them, the economical development being maybe the most important tool to do so.

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