

Introduction

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The collaborative project that yielded this volume was a response to a seeming paradox. While national security has been a dominant concern of the nation-state virtually from its beginning, and international conflict is with us today as much as ever, economists seem to have turned their attention very little to this area of policy. Even though defense and wartime expenditures have regularly consumed large portions of government income and national treasure, the economics profession has not created a true subdiscipline of defense or national security economics, as they have a health economics or an economics of education. There are few courses at universities on defense economics, few seminars at professional meetings, and until recently not a single specialized periodical. This volume attempts to answer the question, “Why?”

It was from a sense that the field of security studies would benefit from an infusion of economists and the economists’ way of thinking that the Pew Charitable Trusts initiated a series of grants under its Economics and National Security Program. The Program assisted our project through a grant to Duke University, and we are most grateful to the Pew Charitable Trusts for making the inquiry possible.

The research team assembled to conduct an exploration into the history of the interaction between economics and national security began with the broad questions of whether the general perception of the neglect of national security by the economics discipline is an accurate one, and if so, for what reason. To focus our collaborative inquiry we began from a set of tentative hypotheses that might help to explain a surprising degree of disengagement by professional economists from an important collection of policy-relevant topics:

1. Economists have found the subject matter of security studies antithetical to their training and mindset and therefore have avoided this range of questions. Conflict and imposition of destruction on others seem rooted in irrational behavior and cannot be dealt with effectively in a market framework. This is not true for game theory, but game theorists have been among the relatively few economists who have been attracted to the area.

2. The state is the dominant player in the security field, and most economists have always been uneasy about applying analysis to a large public sector. The theory of public expenditures has been a neglected part of the discipline for much of its history. The American Institutionalists, on the other hand, have felt relatively comfortable explaining the public sector, and this may help to explain their prominence in early discussions of security and defense.
3. Public interest (including funding and student attention) in security questions is peculiarly mercurial, reflecting the course of conflict. In choosing careers and research agendas economists have recognized and avoided this hazard. Some economists who have moved to the area during wartime have found themselves high and dry with the return of peace, and this lesson has not been lost on others.
4. In addition to the difficulty of applying market analysis to security issues, there are other social and professional costs associated with research in the area. Data are hard to come by and may require security clearance. Unlike health, education, or agriculture, the “subject” of the defense sector seems not to respond directly to economists’ overriding concern for human welfare, and the military have distinctly low status in the scholarly culture. These external circumstances have kept the discipline at arm’s length.
5. Analysts outside the mainstream of established economics have tended to coopt this policy field, either as peace researchers on the left or as members of the military establishment on the right. Middle-of-the-roaders and agnostics have been reluctant to become tarred with either brush.
6. Early efforts by economists to cast light on problems of peace, war, and related issues did not bear fruit. Economists like to be useful, so they moved where their productivity seemed higher.

It must be left to the reader to decide whether evidence in the papers collected here tends to confirm or disprove these hypotheses.

These essays do not constitute a thorough or systematic coverage of all of the history of economic thought relevant to national security. Indeed it is doubtful that such a project would have been either possible or desirable. They do, however, hit many of the high spots, and together they constitute the first overall survey of this kind ever undertaken. The overwhelming impression one must gain from reading this collection is that the history is far richer and more fascinating than might have been suspected, even though modern professors may be disengaged substantially from a field in which their forebears had much to say.

The authors of these chapters went where their trained noses suggested that pay dirt might lie in their subjects, and they found a great deal of it. They also took whatever approach seemed most appropriate to each inquiry. Several of the essays examine the positions on security taken by schools of thought (classical, neoclassical, Marxist); others deal with individual thinkers (Pareto, Pigou, Veblen, Hitler, Rostow) who had a great deal to say on the subject. The first essay finds early economic thinkers' views of national security quite closely entangled with their views on philosophical and other issues. The same was found for economists in the twentieth century who, exposed to the terrible trauma of two world wars, nevertheless looked to the notion of global systems for answers to questions about how to achieve security, or who ventured into such novel theoretical approaches as the theory of games. Finally, we have a fascinating essay on the evolution of distinctive institutional structures in and around the United States government that forced a marriage of economics and national security, at least for several decades.

Drafts of these papers were presented at a conference at Duke University 10–12 August 1990. The spirited discussion there contributed much to the perfected versions which are published here.