

# Introduction: the challenge of political economy of war and peace (especially in a time of war)

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Over the last decade, there has been a rapid deterioration in the state of global geopolitics. It is almost as if a new Cold War has begun in the blink of an eye.

The emergent Cold War is an enormously significant development that warrants urgent critical investigation. If unreversed, it promises to cast a dark shadow over the rest of the twenty-first century, paralleling the Cold War of the twentieth century. It threatens massive loss of societal well-being in the form of death and destruction from proxy conflicts, resources directed to military rather than civilian uses, and induced changes in the political character of society that may diminish freedom. The worst-case scenario would involve nuclear war.

The economics profession's engagement with the issue has been limited. As regards China, there has been some commentary on deglobalization and the resulting loss of gains from trade (Gopinath 2024). There has also been some advice on how to engage in strategic competition with China to minimize losses from induced deglobalization and to avoid self-inflicted losses. As regards the Russo–Ukraine conflict, which has become a proxy war involving the US and its NATO allies, there has been much discussion of the macroeconomic impacts on inflation and commodity prices. Additionally, at the Spring 2024 meeting of the IMF, Managing Director Kristalina Georgieva claimed the conflict has become a drag on global growth. However, there has been silence from the main body of the economics profession regarding deeper political economic causes of the turn to Cold War.

That silence is troubling to us and is a major impulse behind the symposium. The symposium is also motivated by a letter entitled 'The Economic Conditions for Peace' published in 2023 in the *Financial Times*, *Econopoly* of the *Sole 24 Ore*, and *Le Monde*. The letter claimed international global imbalances are fueling current conflicts, and it was signed by several economists, including two of the symposium's contributors, Emiliano Brancaccio and Robert Skidelsky (Brancaccio, Skidelsky et al. 2023).<sup>1</sup> The symposium co-editors share the belief that modern wars have an economic foundation, and we hope the symposium will contribute to surfacing awareness of that point of view.

The acknowledgment of economic factors as a driving force behind conflict can also give rise to divergent interpretations of those factors. For example, a decade

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1. This view is elaborated in the contribution by Brancaccio et al. (2024) in this issue.

ago, there were significant frictions centered on criticisms about China's non-compliance with the World Trade Organization's global trade rules and the country's large trade surplus with the US. However, not everyone believes these trade frictions provide a sufficient explanation of the turn to Cold War, especially since China's trade surplus was substantially due to US globalization policy (Palley 2014, 2015). This speaks to the need for recognition of the multiple political-economic forces driving conflict.

Making the argument that political-economic factors are important is inherently tricky because it is not part of the Western political establishment's discourse about the current conflict. Instead, the establishment has framed the conflict as a Manichaean morality play between good and evil, with the West being the force for good and the West's opponents being the force for evil. Consequently, arguing for inclusion of other factors tacitly criticizes the establishment frame.

The Manichaean narrative is politically understandable from a tactical point of view. However, such a framing must inevitably misrepresent reality as the economic dimension is missing. Additionally, it may also misrepresent reality to the extent that it is a false characterization, but we leave that for others to debate.

The Manichaean narrative is also extremely dangerous in two ways. First, it blocks the pathway to peace because it is hard to compromise with evil. Characterizing others as evil is a sure way to lock-in conflict. Second, it obscures foundational causes of the conflict, which contributes to misunderstanding. This also obstructs the pathway to peace because causes of conflict are the first place to look for solutions.

Understanding the economic foundations of conflict can help avoid these traps. It can also contribute to national self-understanding which, in turn, may help address and diminish own national proclivities to conflict. Since political establishments always claim conflicts are due to others, public awareness of structural drivers of conflict within the economic system is an important mechanism for mitigating that tendency and promoting peace.

The political economy of war and peace poses profound challenges in identifying protagonist countries' motivations and character. It is easy to attribute aggressive inclinations to opponent and enemy countries. It is much more difficult to recognize and acknowledge similar inclinations regarding one's own country. The natural tendency is a bias toward seeing opponents as worse than they are and oneself as better than is. This is a perennial pitfall, and an important role of theory is to help guard against it. However, correcting that bias inevitably renders the subject analytically controversial with hometown readership.

Lastly, the symposium's political-economic approach to conflict complements the realist approach to international relations advocated by political scientists such as Professor John Mearsheimer. They view international relations in terms of the pursuit, clash, and management of national interests, especially great power interests. An economic perspective adds economic factors into the mix. However, it is not just national economic interests that matter, it is also the economic system which systematically fosters conflict. We hope the symposium will therefore be of interest to international relations theorists as well as economists.

## REFERENCES

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