

Chapter 2

Political Economy of Peace

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The globalization of the world's economies has accelerated the breaking up of traditional habitats without providing new ones. Even advanced industrial nations are experiencing de-industrialization without a clear sense of how to adapt to it. The uneven levels of development among the world's nations and regions and the changing roles that define the interplay between the private and public sector, between work and community—all of which are overcast by environmental hazards—require a coherent ideological perspective with a human face. Therein lies the task of the peacemakers and their endeavors to develop a culture involving nonviolent means to achieve goals based on sustainable development. Such development would focus on social needs that minimally embrace health, education, and human rights. More, of course, would follow once these minimum needs were satisfied. Neither nonviolent means nor goals based on social need can be universally established in a world wrought by war, threat of war, and the abusive uses of power by dominant nation-states. The most wrenching recent misuse of power is the US invasion of Iraq.

Following the United States' inability to find weapons of mass destruction in Iraq, the stated purpose for the invasion in 2003, its goals shifted to developing democracy and state building. In a very short time, these multiple objectives were reduced to one: state building. But even that singular goal has turned out to be more difficult than anticipated. The reasons are the prevalence of internal strife, fragmentation, multiple insurgencies, and general ideological chaos. In Hobbesian terms, Iraq presently defines the condition of "Warre of everyone against every-one...It followeth, that in such a condition, every man has a Right to every thing; even to one anothers body" (Hobbes 1651/1968, p. 42). One **rational** solution to such a degree of disorder is the achievement of safety and some modicum of civil peace by "whatever means and whatever allegiance" are possible (p. 21). If this seems too far fetched, it is worth noting that Thomas L. Friedman, a columnist for the *New York Times* who initially supported the invasion of Iraq, suggested that Iraq "has descended into such a Hobbesian state that even [the murderous] Saddam called on Iraqis from his prison cell to stop killing each other"(October 18, 2006, p. A23).

Although we are a long way from the seventeenth century when Hobbes did his thinking, there are significant parts of the world that would be better off if a strong

sovereign authority, even a tyrannical one, could be established. We are still living under the long shadow cast by Hobbes. Yet, for the most part, the Hobbesian solution to chaos—a strong sovereign—has been rejected by Western societies with one caveat: “Expediency” often dictates that tyranny be tolerated in non-Western and less developed countries that are pro-Western. Be that as it may, over a long stretch of history, Western democracies evolved and ultimately turned against the Hobbesian solution, often simplified and misconstrued, to protect society from being devoured by the “beast” in man. While retaining Hobbesian-like assumptions that human beings are innately selfish, egotistical, greedy, predatory, and power hungry—characteristics that predispose individuals to fear, if not devour, each other—Western democracies denounced dependence on the kind of sovereign state envisioned by Hobbes to achieve orderly and productive societies; yielding to such a state led to consequences that had to be avoided. Thus, although a global sovereign organization (to continue with Hobbesian reasoning) may be essential to resolve conflict between nation-states, few nation-states are willing to surrender their own individual sovereign interest in this age of global fears in order to achieve a larger peace and orderly world.

The barrier to the Hobbesian approach to resolving conflict, whether it is within or between states, is that few trust concentrated statist or super-ordinate political solutions. Such solutions, it is rhetorically argued (especially in the US), tend to be corrupt, inefficient, and unresponsive to individual differences and the protection of liberty. Although control and the regulation of uninhibited individual self-interest are viewed as necessary, an alternative to the tyranny of the state or the excessive centralized political supervision of individuals needed to be found.

In this chapter, I examine how the political economy traditions associated with Adam Smith, Karl Marx, and John Maynard Keynes sought to solve the problem raised by Hobbes, albeit by different means. Addressing the reasons for the failure of these political economy traditions, especially with regard to ending violent conflict between nation-states as they functioned in international waters, leads to discussion of the quest for peaceful approaches to global hot spots. In depicting these traditions, I emphasize those aspects of their contributions that seem to be alive, at least rhetorically, among their most influential devotees.

Smithians

The precapitalist era understood the difference between narrowly defined vested interests (e.g., the individual’s quest for good health) and those universal passions known “as greed, avarice, or love of lucre.” The former had rational solutions, but the latter could do havoc to civil existence if not checked (Hirschman 1977, pp. 40–41). In the eyes of contemporary economic conservatives, selfish attributes about human nature are as ancient as Adam and Eve. Individuals, it is suggested, not only are “acquisitive and grubby, interested in their own well-being, preferring

more rather than less... [but] they have been like that since the fiasco in the Garden of Eden" (Allen 1980, p. 21). However "ahistorical" and "acultural" such thinking is, the Hobbesian problem is set for Smithians to resolve by a different route.

Unlike Hobbes, Smith had no trust in monarchies, the governments of his time. To replace the overregulating nature of a mercantile system, Smith projected a vision in his major work, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776/1973), of how self-interests and private property, harnessed by competition, could exist with minimum government. Smith relegated it to three functions: (1) the provision of national defense, (2) the provision of justice and civil government, in particular the "defense of the rich against the poor; or those who have some property against those who have none at all" (p. 674), and (3) the provision of those public works (e.g., roads, bridges, canals, harbors, and, to a lesser extent, education) that were necessary for the public good and too unprofitable to be undertaken by private businesses (pp. 681–682).

Once the above government configuration was put into place, the economy would presumably function like a self-regulating machine. Imaged after the mechanistic regularities in Newton's universe, the economic universe also had iron laws and required no state intervention to keep it on course. Instead of the economy being a subset or instrument of the social order, the social order became, if not a complete subset of the economy, one that did not interfere with the workings of the market.

To overcome the scarcity and niggardliness of nature, the need was to enhance the productivity of labor by intensifying its division into monotonous routines. Although such routines were likely to make workers "stupid and ignorant...[and incapable of judging] the great and general interests of the country" (Smith 1776/1973, p. 734), the trade off was the expectation of finding a degree of material comfort at the end of the worker's life. The division of labor is driven by the extent of the market. Developing a world market and world trade, along with each nation specializing in its comparative advantage, produces an interdependent world market system in which everyone materially benefits. Such a system was ultimately expected to breed order, democracy, and individual freedom. The assumption of complementary interdependencies guarantees a peaceful world.

Voracious business greed, it should be emphasized, was not a problem. It was, in fact, a virtue because it induced productive effort. Smith's minimum state proved compatible with voracious greed for the simple reason that unmodified self-interest was made harmless by competition. Rigorous competition—that is, competition among large numbers of competing units in one form or another—denies individual businesses power to misuse. If no one has power to misuse, there is no need for a strong state to check its abuses. Therefore, individual actions motivated by evil intentions are channeled and checked by market forces; they aggregate into the social good by enhancing the wealth of nations. "Other regarding" considerations in market behavior or market "do-gooders" or socially responsible business executives should be viewed with skepticism. As Smith reminds us in his oft-quoted statement by conservatives: "Every individual...[in the market] intends only his

own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was not part of his intentions” (Smith 1973, p. 423). It is not public regulation that checks individual greed or the individual’s contract with a sovereign state to acquire protection, but the practical mechanism of a competitive market, a *deus ex machina* capable turning self-interest into an unintended social virtue. The fear of statism is theoretically eliminated.

The separateness of the market from society, without intrusion of any social controls, represented a departure from all previous societal arrangements. Laissez-faire capitalism not only required that the primary role of government be limited to the efficient and fair enforcement of contracts, but it also implied a limited role for noncontractual organizations, for example, family, kinship networks, neighborhood associations, fraternal societies, and the more general binding cultural ties that sustain communal and national identities. Such limits meant that there would be no inhibition of individual freedom to enter into and exit from enterprises; no prevention to buying and selling in response to price changes; no obstacle in choosing to work or not to work in response to wages; and no limitations on the drive to accumulate or divest in response to profits (Polanyi 1944, p. 159). In the market’s ideal form, “people are colorless, odorless, and timeless, of no known nationality, age, race or sex” (Epstein 1995, p. 73). Insofar as the consequences of this impersonal and rational self-regulating machine were expected to coexist with moral communities sustained by motives opposite of that which drives markets, it represented, in Karl Polanyi’s phrase, a “stark utopia” (p. 3).

Marxians

While Smith argued that the road to heaven was paved with evil intentions, Marx argued that the evil intentions of capitalists specifically—however rational they were in the pursuit of profit and more profit—aggregated to produce paradoxically both good and bad results: unprecedented affluence and unfathomable poverty. In the *Communist Manifesto* (1848/1998), Marx and Engels wax on the remarkable accomplishments of capitalism:

The bourgeoisies, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of Nature’s forces to man, machinery, application of chemistry to industry and agriculture, steam navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalization, whole populations conjured out of the ground—what earlier century had even a presentiment that such productive forces slumbered in the lap of social labor. (pp. 40–41)

Just a few years earlier, Engels, in describing the conditions of the English working class, wrote:

A horde of ragged women and children [live] as filthy as the swine that thrive upon the garbage heaps... The race that lives in these ruinous cottages... must really have reached the lowest stage of humanity... the neglect to which the great mass of working men’s children are condemned... brings the enfeeblement of the whole race. (1845/1987, pp. 98, 132–33)

Exactly how such enfeebled workers became a few years later a rational agency capable of envisioning the need for international class solidarity is never explained.

In the course of the business system's expansion and consolidation into more monopolistic enterprises, pressured by organized labor and diminishing returns to capital, capitalists are forced to seek investment outlets in less developed countries where cheap labor can be exploited. With new international outlets, the system exports capital and consumer goods or develops new sites where cheap labor can be employed to produce goods that are shipped back to the home country. In the view of Marx and Engels, capitalism, in its penetration of the less developed regions of the world, led to

uninterrupted disturbance of all social conditions, everlasting uncertainty...All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away...All that is solid melts into air, all that is holy is profaned...In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal interdependence of nations. (pp. 38–39)

For Marx economic progress resulted from scientific discoveries and the practical impulses of capitalism, driven by the profit motive, to use them. In the course of subduing nature through modern technologies, indigenous cultures and traditional societies are destroyed. However tragic, this was the inevitable price of material progress and the potential foundation of human progress. In one sense, Marx celebrates, along with Smith, the internationalization of capitalism's market with its penchant for expanding trade. But for Smith, free trade would evolve smoothly and gradually, increase productivity, enhance the wealth of nations, and presumably bring about a peaceful world order. Most contemporary conservative economists argue that open trade with less developed countries is the only route out of poverty for poor nations and the avoidance of tyrannical oppressive governments. Marx's endorsement of free trade involved the belief that free trade tended to "push the antagonism of the proletariat and the bourgeoisie to the extreme point...[and] hasten the social revolution (1847/1982, p. 224). In the more generalized Marxian view, "ultimate" stagnation of mature industrial capitalist countries was expected to come when opportunities in the global hinterland dry up. In the hands of neo-Marxists, this was far from a peaceful process.

As competitive capital runs its course and evolves into monopoly capital, the needs for capital accumulation stretch beyond domestic markets at an accelerated rate. But other advanced industrial capitalist nations are driven to do so likewise. Since the state is guardian and legitimizer of individual capitalist systems—dominated by big corporations in conjunction with international financial institutions—the clash of the titans becomes inevitable. This appears to explain the major wars of the first half of the twentieth century. Following World War II, the US became the largest and dominant capitalist country. In this new assumed role, it was pressed to feed its appetites and protect its strategic needs throughout the world. This role was accomplished through imperialism and militarism. The spread of its military bases and the growth of military expenditures became predictable and rational insofar as they reflected the new interests of corporate capitalism. In the words of the neo-Marxists, Paul Baran and Paul Sweezy, American capital needs to control

foreign sources of supply and foreign markets enabling them to buy and sell on especially privileged terms, to shift orders from one subsidiary to another, to favor advantageous tax, labor and other policies...and for this they need allies and clients who are willing to adjust their laws and policies to the requirements of big business. (1960, p. 201)

But for a variety of reasons, the state's protection of international capital's outreach has limits: It may become too costly and economically destabilizing in the course of facing a third world backlash. At the end of the day, third world countries will rebel—the “barbarians” that ended Rome's empire will end ours. Escalating internal costs to hold our empire intact will become intolerable. Americans will then turn inward to cope with their xenophobic jingoism and corporate greed. At such a point, the American state will become either fascistic or dramatically democratic. If the latter should take place, the abundance, already the hallmark of capitalism's achievement, will become more widely distributed. Basic material needs will be met. Health and education will be provided to all on equal terms. And not least, more leisure will be established to develop the multiple talents that are inherently the potential of all individuals. A new social and work environment will create new lifestyles. The ultimate materializing of this utopian vision initially requires a Hobbesian solution—a confiscating centralized state that changes the role of property. Ultimately a benign planning apparatus is established to guide the whole society that exists in commodious harmony (Baran and Sweezy 1960, p. 367).

Keynesians

However one might choose to categorize Keynes's political sentiments, he viewed himself a deviant with respect to theoretical conventions of his day. In pointing out the differences between classical economists and socialists, he noted what they shared: a belief in the “laws of economics.” The difference between the two is that the former thought the “laws” were true, while the latter thought they were intolerable (Skidelsky 1997, p. 275). Wit aside, Keynes and his followers rejected both orthodox *laissez-faire* economics and the radical redistributive and planning implications of left-wing socialism that involved the nationalization of industry. Keynes stood between the “anarchy” of pure capitalism and the authoritarianism associated with the collectivist state. While Smithians worked out the drama of how individual vice led to the social good and Marxians explained how the capitalists' drive to accumulate would end in capitalism's collapse, Keynes struck a third chord. When too many individuals seek to be rational for perfectly sensible reasons, the aggregate outcome may turn out to be irrational. Some simple examples: If everyone seeks to save more for a rainy day or their children's education, they spend less, businesses receive less, unsold goods increase, workers are laid off, general income declines, and people end up saving less; or, if too many people fear inflation and the rise in prices tomorrow, they purchase more today and cause price increases to accelerate tomorrow. The whole in many situations is different from the sum of individual parts. The logic of macroeconomics is born and cannot be derived simply from individuals maximizing market decisions.

Keynes was, as it is commonly pointed out, a depression economic theorist. His *General Theory of Employment, Interest and Money* (1936) was aimed at rescuing capitalism from its general unemployment doldrums that, in classical economics, could not theoretically exist. His reasoning went somewhat as follows: If the state did not come to the rescue of capitalism in the great depression of the 1930s in a *form* that complemented the functioning of the market system, two possible undesirable alternative solutions might take place. In the first solution, a country might restrict its own import purchases and export its way out of the depression. Shifting the problem of unemployment to another country has its obvious dangers (Keynes 1936/1958, pp. 382–83). Such a solution would lead to accelerated strife and tensions among states that would retaliate through protectionism, patriotism, and warfare. The second possible solution was through a collectivist state and nationalized industries. Full employment in this solution might be achieved, but at the expense of efficiency and liberty.

Keynes rejected both of these alternatives. In the realm of public policymaking, Keynes had a strong “preference for discretion over fixed rules” (Skidelsky 1997, p. 269). His accomplishment was to show how state deficits and monetary policies could be used to stimulate growth and rescue the nation from permanent stagnation without threatening the business classes at home and abroad. In this way, it was possible to achieve an economic security that the state provided and the efficiency and freedom of choice that the market provided.

Although Keynes preferred sensible government spending programs to nonsensible ones, he understood that the latter might be the only politically feasible kind. In his words:

If the Treasury were to fill old bottles with bank notes, bury them at suitable depths in disused coal mines which are then filled up to the surface with town rubbish, and leave it to private enterprise on well-tryed principles of laissez-faire to dig the notes up again... there need be no more unemployment... It would indeed be more sensible to build houses and the like, but if there are political and practical difficulties in the way of this, the above would be better than nothing. (Keynes 1936/1958, p.158)

In the above way, the Keynesian state faced the unwanted strong statist solution by conceiving a benign state that could solve the kinds of problems that pushed nations into war or tyranny. To achieve such statecraft goals, Keynes had to persuade the public that his variety of state intervention would neither endanger private enterprise nor destroy liberty nor lead to war. He did not succeed in the 1930s. It was warfare deficits, not welfare ones, that ended the depression. And even these large warfare deficits did not prove the Keynesian case, since they were accompanied with price and wage controls, as well as rationing. The country had behind it a unifying ideology, constructed on the foundation of war and patriotism, which overcame the private interests that feared Keynesian-type intervention. But such unifying sources of legitimatising Keynesian statecraft cannot be sustained in peacetime.

Successful or not, the celebration of Keynes was continuous in the post-World War II period. The renowned Nobel Prize winner Paul Samuelson, usually a cautious economist when it comes to predicting too far into the future, celebrated the triumph of the Age of Keynes in 1973. In a reassuring tone, he stated:

I believe that the Marxists were right to worry about the sustainability of full employment [in the nineteenth century]. However, not a single mixed economy has had any problem these last 30 years with chronic insufficiency of purchasing power...or will the ancient scourge of intermittent unemployment reoccur in the century to come—1973–2073. (*New York Times*, May 14, 1973, p. C43)

Whether Marxists were right is not too relevant. The end of World War II was followed by the Cold War, which justified the rise of the military-industrial complex that President Eisenhower expressed concern about in his 1956 farewell address. The typical economist, free market and Keynesian, views military build-ups that generate employment and lead to other kinds of problems as exogenous, as “simply external disturbances” (Schumpeter 1962, p. 46). The need to defend the country reflects political preferences that are outside rational considerations that characterize mainstream economic thinking. The phenomenon of *military Keynesianism* is not a recognizable category among Keynesians. Military spending is akin to Keynes’s treasury bills put into used bottles that are buried for the unemployed to find. This leads to one major critique of the whole Keynesian enterprise. Standard Keynesians are fixed on the level of public expenditures and not their composition. The bath water may be polluted, but if it rises to the appropriate level, the goal of full employment can be achieved. Keynesians do not consider how the character and quality of expenditures initiated by the government might shift the ideological direction of mass sentiments either away from or toward the public sector. The composition of fiscal expenditures affects attitudes toward taxes and public spending. Thus, there are always private corporate interests at work to undermine or diminish the effective and productive uses of government resources. Resources that cannot be profitably employed are left over for the government to handle. To the extent that the government then fails in its tasks, it proves that public initiatives are unworthy of support. Military preparedness to cope with foreign threats, imagined or otherwise, is the one sacred cow that enables the government to get support to supply contracts to private enterprises in every state of the union. Mining used bottles filled with treasury bills is not easily sold to the public as readily as military expenditures to protect our national security. Thus, when the Pentagon faces the global disorder of the world—marked by the hunger, disease, climate change, poverty, inequalities, resource nationalism, and rebellion that orbits around the Western core nation-states—our high-minded ruler’s knee-jerk reaction is to try to squelch the chaos by stealth tactics or direct force (Wright 2004, p. 125). Despite our excessive wealth—illustrated by the fact that at the end of the twentieth century, “the world’s three richest individuals (all of whom were Americans) had a combined wealth greater than that of the poorest 48 countries”—it would be hard to persuade Americans to spend the 40 billion dollars estimated by the UN to “provide clean water, sanitation and other basic needs for the poorest on earth” (p. 128). The most affluent industrial nation, with a state allegedly legitimized by checks and balances, has not eliminated the ways that the population is readily mobilized to support an overkill war machine to achieve reasonable employment levels. Of course, the National Security State is more than just an employment machine. Even when the nation is not threatened, a military-business-government complex has no

problem manufacturing an “enemy” to justify intervention far beyond our shores in the name of national interests. Such interests are simply defined by those who have the power to do so. The “war on terror” has become one such symbolic commodity and has been integrated into U.S. history. As George W. Bush reminded us: “In the Second World War, we learned there is no isolation from evil...that evil has returned [with 9/11]” (cited by Rachman, May 15, 2007, p. 11). There are no longer “reds under every bed” as presumed in the Cold War era; there are now only presumed terrorists.

Common Denominators

The assumption of rational action requires rational actors. The central feature of each of the political economy perspectives—en route to overcoming the “jungle” out there—is the assumed prevalence of a heroic instrumental force to accomplish utopian goals. The Smithians rely on a rational business class, engulfed in competitive markets, to bring about continuously higher levels of domestic and international material well-being. Global economic interdependence is assumed to produce the political climate to insure a peaceful world. The Marxian working class—exploited and trapped in work sites dominated by the power of capital—is expected to consolidate its consciousness on a world scale to cope with an economy undermined by capitalist wars and third world revolutions. The outcome envisioned is the creation of an economy and a peaceful world community totally unlike the one dominated by a capitalist class. Finally, the Keynesian government—standing above the unchanged microeconomic competitive jungle glorified by Smithians for its alleged self-correcting capacities and critiqued by Marxians for the absence of such capacities—acquires the ability to execute rational fiscal and monetary policies capable of steering the economy along an uninterrupted growth path of greater affluence. Such affluence was expected to eliminate an addiction to money-making and induce a quest for more meaningful lives. Smithians, Marxians, and Keynesians share a mode of instrumental reasoning clothed in rational terms: rational self-interests, rational working class actions, and rational government policies. They all propose a means for overcoming barriers that prevent the social order from fulfilling its material needs and peaceful yearnings.

One conclusion derivable from the above similarities of the three political economy traditions is that they have much to say about that which is rational, orderly, and deterministic, yet they have little to say, in my view, about designing ways to protect the world from violence and war. One fundamental reason for this lacking is that people do not live by market rationality alone. Motives are multiple, contradictory, and embedded in institutions that are outside the economic sphere of exchange where rational behavior is assumed. Both economic conservatives and Keynesians believe that “dangerous human proclivities can be canalized into comparatively harmless channels by the existence of opportunity for money-making and private wealth [seeking]...It is better that a man should tyrannize over his bank balance than

over his fellow-citizens” (Keynes 1936/1958, p. 374). In more general terms, it has been argued that “capitalism itself could not possibly make for conquest and war: its spirit was rational, calculating, and therefore averse to risk-taking on the scale implicit in war-making and other heroic antics” (Hirschman 1977, p. 135). Although both these views share the Marxian faith in rational explanations, they contrast with the Marxian view that war is rational if it enhances capital expansion and profitability of enterprise. From this perspective, avoiding war requires working toward the end of the capitalist state and its economic ruling oligarchs.

The focus on enlarging the materiality of everyday life is the second shared view among the political economy schools that turned out to be illusory. Affluence, it was believed, would change people’s character, would make people more generous to distant others. In the late John Kenneth Galbraith’s 1958 edition of *The Affluent Society*, he argued that the utility to private accumulation was waning and further increases in productivity should be allocated to the public sector to help those left behind. He thought liberals who reflected his sentiments would accept this transfer of resources from the private to the public domain, from the rich to the poor. In Galbraith’s 1984 reissued edition of *The Affluent Society*, he critically admitted his error:

It was the unarticulated assumption of American liberals...that the newly affluent blue collar workers with middle income, [as well as other white collar and professional groups]...would in gratitude have political attitudes different from those of the older rich. And so, presumably would their more fortunate offspring. The liberals were wrong. (pp. xxvii–xxviii)

This view was not too different from Keynes’s hopes. After a long period of successful economic growth sustained by government policies that led to a high level of affluence, people would choose to live a more aesthetic way of life. Society would focus on leisure, beauty, and the art of living and turn its back on the love of money that was deemed as a “semi-pathological” propensity (Keynes 1963, pp. 367, 369). It seems that rationality, general affluence, and a benign polity cannot be assumed to eliminate the possibility of violence within communities and war and threat of war between nations, especially as we confront a new world of global uncertainties.

Facing Globalization

In an article titled “Foreign Policy Values and Globalization,” a columnist for the *Financial Times* writes:

We are living at the beginning of a new era...the age of globalization...Little escapes it: religion, charity, friendships, sport...The logic of the [global] market is indiscriminate and recognizes neither borders nor citizenship...Solving the problem of international legitimacy will be the primary challenge for the twenty-first century. (Cooper, January 31, 2002, p. 15)

With such wide reaching implications, it should be of no surprise that globalization induces many fears. Professional economists, corporate CEOs, politicians, and global market advocates share concerns that short-run global instabilities will

breed reactions to free trade under the guise of protecting our national interests. President George W. Bush's 2006 state-of-the-union speech warned, in defense of free trade, that the "road of isolation and protectionism seems broad and inviting—yet it ends in danger and decline..." (*The Economist*, February 11, 2006, p. 27). Larry Summers (former U.S. Treasury Secretary), touting the virtues of free trade, worries that there is a growing recognition of the fact that the "vast global middle is not sharing the benefits of the current period of economic growth—and that its share of the pie may even be shrinking" (October 30, 2006, p. 11). George Stiglitz, Nobel Prize-winning economist and former chief economist of the World Bank, believes that there can be a progressive response to globalization—"not by withdrawing behind protectionist borders and not by trying to enhance the well-being of our citizens at the expense of those abroad who are...poorer." The task is to reshape globalization; make it more democratic and "moderate its pace to give countries more time to cope" (April 17, 2006, p. 18). Peter Gray, professor of political economy at the London School of Economics, is less optimistic about reforming globalization and even doubts its permanence. As more countries develop, industrialize, and become interdependent, there is likely to be an environmental disaster "triggering a powerful ecological backlash. These developments, which form the [downsize] of globalization, will shape the future" (April 27, 2006, p. 23).

Along almost the opposite axis, some anti-capitalist protestors—focused on global justice and classified by an unfriendly observer as "anarchists and leftover Marxists"—demonstrated against the WTO, IMF, and the World Bank. These global institutions are viewed as representing imperialism spearheaded by the United States (Friedman, *New York Times*, July 20, 2001, p. A21). Other protestors, representing the trade union movement, sought job and wage protection to cope with off-shoring and the importation of cheap goods from abroad. A more orthodox Marxist, seeking to embrace the whole community of anti-globalists, put the problem as follows: "The [capitalist] system is the same, its logic is the same, and the need for workers of the world to unite has never been greater" (Tabb 1997, p. 29).

Turning to the core of liberal Keynesiansism, it should be recalled that Keynesians believed that the achievement of full employment enabled the state to navigate more freely in international waters, to negotiate differences on more mutually advantageous terms. War measures no longer were needed to solve the unrest associated with mass unemployment. As the Age of Keynes waned in the 1970s, discredited by the rise of new market fundamentalists who acquired ideological power and political representatives in the halls of government, globalization became the enemy of classical liberal Keynesians; it has eroded the effectiveness of the Keynesian state. In the fighting words of Arthur Schlesinger, Jr. (1997):

[Unmitigated global markets enfeeble] national powers of taxation and regulation, undercutting national management of interest and exchange rates, widening disparities of wealth both within and between nations, dragging down labor standards, degrading the environment, denying nations the shaping of their own economic destiny, accountable to no one... The power of [the national] government should be expanded...to end oppression, injustice and poverty. (pp. 7–8)

Several questions arise from Schlesinger's lamenting about growing inequalities and the stymie of national governmental power resulting from globalization. Would more economic equality and social justice at home enable our democratic impulses to work more diligently abroad? How do the peace advocates—who seek to solve global tensions by means other than the “threat system”—go about their task? How can they make a case that integrates moral imperatives and enlightened economic interests in the pursuit of peaceful alternatives? There are no easy answers. What seems clear is that the threat to exercise military muscle is likely to become increasingly ineffective.

Developing a Peace Perspective

In order to meet the peace challenge derived from global disorder that has accelerated with the US debacle in Iraq, the American citizenry needs to acquire a new mindset to replace the paranoia that justifies US imperial outreach. The last gasp of a nation's imperial stretch is often the loudest; it appears that the US is in the process of becoming another historic example of the fall of a great imperial power. New geo-political centers (China, India, Japan, Southeast Asia, Russian, Europe, and the Middle East) are emerging, reassembling, and working to check the loose exercise of American muscle throughout the world (Layne 2006). In the course of this imperial retreat, Americans are likely to turn inward. There is a growing opportunity for the introduction of a new storyline, one that is capable of challenging the neo-conservative preventive war flagellations and its endorsement of socioreligious domestic demagoguery that has dominated the US landscape since the early 1980s. The task of the bearers of peace is to create a new prism through which to view American society.

The American cultural mix has many different and conflicting strands running through it that can be tapped to redirect the government's belligerent foreign policy strategies toward the emphasizing of human rights, social justice, and development aid appropriate to specific socioeconomic environments that are in a state of disarray. The success of the above changes presupposes changing the nation's domestic priorities. The bearers of peace must introduce an alternative dialogue capable of confronting the prevailing personal and cultural meanings employed to justify the everyday concerns that are legitimized by the existing power elites. This involves nurturing an ideology that resonates with individual values about right and wrong, just and unjust. In this spirit I suggest the following propositions with a brief rationale for each.

- The political economy of nominating and winning elections is all about money. There may be a number of reasons why approximately only 50% of eligible voters bother going to the polls, but one is certainly related to the sentiment that the selection of candidates is dominated by the very wealthy that both limits the agenda and the capacity to disseminate an alternative one in the public arena. It follows that eliminating the way electioneering is financed and reducing the

costs of publicizing issues will not only broaden the choices, but also change the quality of political engagement.

- There is need to overcome the sterile equality-inequality debate between conservatives and welfare-liberals. The conservatives are committed to the virtues of inequality of outcomes on the basis that inequality induces saving, investment, and technological change—all of which enhances economic growth and thereby raises, in the long run, the standard of material life for the whole population. Relative income differences between classes and the growing wealth gap between the top and bottom are of little importance compared to the rise in the absolute levels. Equal opportunity to become unequal is the inherent logic of conservative ideological rhetoric. Although the welfare-liberal position is more ambiguous, it is not fundamentally at odds with the conservative view. Welfare-liberals accept consequential inequalities in outcomes because such inequalities are necessary to the incentives that allegedly sustain growth and encourage productivity. Inequality is unacceptable if, in the process of a growing income pie, the least fortunate become worse off. In such circumstances, transfers (welfare payments or unemployment compensation) are acceptable. A modest progressive tax is also warranted. Since welfare-liberals are part of the growth mania that requires tax breaks for the investing class, equality is not deeply embedded in their ideological posturing. Their focus is much more about equal rights that are not linked to systemic changes in capitalism.
- The alternative to the conservative/liberal exchange involves changing public investment patterns in ways that equalize social environments (educational experiences from preschool through high school, neighborhood risk factors that affect teenage social development, universal health provisions, general maternity care, equalization of retraining opportunities in the event of job loss, etc.). Such investments should take place at various critical stages in the life cycle to insure their impact on long-run life chances. This *radical environmentalism* is an alternative to transfer payments, which sustain but do not transform individuals or groups. Although none of the changes under the rubric of environmental radicalism ensure equal outcomes, I believe that the inequalities will be less than alternative approaches. Radical environmentalism does assure that individuals will feel that they had equal circumstances to develop into empowered human beings.
- The edifice of mainline political economy reasoning is built on the idea of allocating scarce resources to realize individual wants. In this form, mainline economists appear to be morally neutral and avoid value judgments on what is wanted. The alternative is defining political economy in terms of the administration of resources to meet needs rather than wants; the former are more objective and associated with communal assessments; the latter involve yielding to “free” individual desires or preferences. Individuals do not always want what they need; they eat what they want, but do they need obesity and diabetes that is likely to follow? People may want faster and heavier cars, but do they need the pollution, accidents, and higher insurance costs that increase national income without adding to national well-being? Needs in all these cases are projected and assessed by sources outside the individual, for example, the engineer, the medical profession,

the scientist or ecologist, and public servants. While directing resources to meet needs has some authoritarian implications compared to catering to individual wants that are created and sustained by the industrial-advertising complex, much more educational and public space, like that given to the daily weather forecasters, is necessary to address the issues focused on societal needs.

- Using social indicators (maternal care, infant mortality rates, health, literacy, and education levels of achievement, etc.) is necessary for evaluating well-being rather than the growth in per capita gross national product.

While each of the above propositions requires elaboration and more justification, they constitute a critique of existing political economy views and, at the same time, an affirmative set of consistent alternative goals. Thus, the peacemakers have both domestic missions that fall within the boundaries of the nation-state and international ones. Both missions feed each other and fall under the culture of peace umbrella.

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