

A Fundamental Economic Thought Problem on Peace and War since the Cold War:

A Critical Appraisal of E. Schumacher, J. Galbraith,
and K. Boulding

Tsutomu Hashimoto

Abstract:

This paper raises a fundamental question and offers an original framework on war and peace arguments based on primarily examining contributions in the field of war and economic thought after World War II. Among the prominent figures in this field, I select three thinkers in the field of economic thought, E. Schumacher, J. Galbraith, and K. Boulding, who presented their own systematic visions of a peaceful society. The fundamental question on war and peace raised here is, how we receive the principles of bios and eros, and of prosperity, from an ideally peaceful situation, wherein the nature of peace is defined as “the negation of bios” (i.e., the principle of death). In order to examine this question, I propose an original framework and define the concepts of war and peace using categories of conflict and violence.

In light of this fundamental question, in this paper, I reveal the contributions of the three thinkers to our understanding of creating a peaceful world. First, I present the background and explain the reasons for selecting these three figures. Second, I present the fundamental question and my theoretical framework to explore the responses of the three thinkers to the question. Finally, I clarify their responses and present an overview of their contributions towards a peaceful society.

JEL classification numbers: B 20, B 52, P 40.

I Introduction

In this paper, I raise a fundamental question and offer an original framework on peace and war arguments in order to examine contributions in the fields of war and economic thought after World War II. Among the prominent figures in this field, I select three thinkers—E. Schumacher, J. Galbraith, and K. Boulding.

ing—who present original visions of a peaceful society. The fundamental question on peace and war presented here is how we can receive the principles of *bios* and *eros*, and of prosperity, from an ideally peaceful situation, where the nature of peace is defined as the negation of *bios* (i.e., the principle of death). In light of this fundamental question, this paper shows the contributions of these three thinkers to our understanding of creating a peaceful world. First, I present the background context and explain the reasons for selecting these three figures. Second, I present the fundamental question and my theoretical framework for exploring the responses of the three thinkers to the question. Finally, I clarify their responses and provide an overview of their contributions to creating a peaceful society.

II Background

According to Carl von Clausewitz ([1832] 1976, 87), “war is not merely an act of policy but a true political instrument, a continuation of political intercourse, carried on with other means.” However, war can also be an instrument for running an economy, “a continuation of the economic intercourse, carried with other means.” In the U.S., the numerous wars after World War II¹ contributed to the country’s economic growth (the Institute for Economics & Peace 2011). Even when the nation abstained from war, its enormous military expenditure contributed to creating employment in the labor market and to stabilizing the market economy by supplying a powerful resource for intervention by the government. As such, when we recognize that a certain amount of military expenditure contributes to the economy, regardless of its relation to real wars, it is difficult to criticize it from a purely methodological economic perspective.

Based on this understanding of economic science and wars, it is notable that numerous mainstream economists in the tradition of neoclassical economics who criticize wars have somewhat democratic-socialist ideas regarding the economic system. For example, Joan Robinson (1972), who criticized military Keynesianism, and certain founders of “Economists Allied for Arms Reduction” at the annual meeting of the American Economic Association in 1988, such as Laurence Klein (see Klein, et al. 1995), Kenneth Arrow (1994), and Wassily Leontief (see Leontief and Duchin 1983), were all influenced by the idea of socialism or social democracy. As an alternative to capitalism, this illustrated the value of peace in the modern economy, at least in Western countries, during the

1 There are two exceptions, the 2001–2004 war in Afghanistan and the Iraq War (2003–2011). This report shows that the heightened military spending during war periods had negative effects on the economy after the war periods.

Cold War.

Of course, it would be too optimistic to say that we can overcome wars and conflicts in the last stage of capitalism, called imperialism, by virtue of a socialist economic regime. Socialist doctrines on peace and war, such as Lenin-Stalin's (Andics 1969), are merely an illusion: we cannot overcome wars using them. In reality, socialist countries determined the causes of conflicts and wars as much as capitalist ones did. The Cold War was based on an arms race, founded on the ideological struggle between capitalism and socialism, raising the issue of how both sides could avoid catastrophic tragedies triggered by nuclear weapons.

After the Cold War, wars transformed from ideological to ethnic conflicts. However, they transformed once again after the September 11 terrorist attacks in the United States, although the fundamental problem of wars after World War II has not changed. After the atomic bombings of Hiroshima and Nagasaki, the possibility of a global catastrophe caused by nuclear weapons became a perpetual and serious burden of our age. As such, we must continuously consider the issues of how to avoid a catastrophic tragedy and how to create a peaceful world.

Looking back at the history of economic thought, classical economists such as Adam Smith ([1776] 1976) and David Hume ([1777] 1987) did not describe the prospect of world peace among developed countries engaged in commerce. The idea of "world peace" became a fundamental issue only after the atomic bombs were dropped. Economists since World War II have been responsible for coping with this fundamental problem, as have other scientists. In this context, I would like to highlight three prominent economic thinkers who responded to this problem in the Cold War period and thereafter: Ernst Schumacher (1911–1977), John K. Galbraith (1908–2006), and Kenneth Boulding (1910–1993).

Galbraith visited Germany in the summer of 1945 after World War II as the leader of the inquiry commission on the U.S. bombing of Germany (Parker 2005). Schumacher, who was born in Germany and later acquired U. K. nationality, also participated in this commission (Wood 1985). Both Galbraith and Schumacher saw the undesirable situation in Germany and later developed their own ideas on world peace. On the other hand, from 1941 to 1942, Boulding served as an economist for the League of Nations² specializing in economic and fiscal policies during World War II, but he resigned because of his Christian beliefs (Scott 2015, 58). After writing his first book, titled *Economic Analysis* (Boulding 1941), he published a pamphlet under the title *A Peace Study Out-*

2 Located in Princeton, U.S.

line: The Practice of the Love of God (Boulding 1942), which described his religious beliefs and their political implications. In 1945, Boulding published his second book, *The Economics of Peace* (1945), in which he investigated the institutional settings for a peace-breeding society.

Therefore, Schumacher, Galbraith, and Boulding, well-known economic thinkers of the twentieth century, started their careers with special interest in war and peace. For them, issues relating to war and peace were a truly significant part of their life-long investigations.

After returning from Germany, Schumacher started studying economics and economic thought while serving as chief economic advisor to the U. K. National Coal Board (from 1950 to 1971). In his book *Small Is Beautiful: A Study of Economics as if People Mattered* (1973), he presented his original conception of a socio-economic order that nurtures peaceful relations and avoids wars among people. He also developed his original idea on the constitution of economic order in his subsequent two books: *Good Work* (1979) and *This I Believe and Other Essays* (1997). He was influenced by Mahatma Gandhi's train of thought on peace and developed Gandhi's ideas in the context of the normative study of economic systems. This style of investigation led to a series of briefings published by the Schumacher Society. The first was James Robertson's *Transforming Economic Life* (2011, originally published in 1998). Consequently, Schumacher seemed to contribute to scattering the seeds of peace in the study of economics.

Galbraith's insight on war and peace lay in his central doctrine of technocracy. In his book *The New Industrial State* (1967 a), he criticized the uncontrollability of wars waged by modern states due to the inefficiency of technocratic procedures. His pamphlet *How to Get out of Vietnam* (1967b) became a best-seller (250,000 copies sold in its first print), and it was influential enough to help bring the Vietnam War to an end. Galbraith continued to write books on war and peace: for example, *How to Control the Military* (1969) and *A Contemporary Guide to Economics, Peace, and Laughter* (1971). His theory on war and peace is worth investigating, especially in terms of his critical and liberal stance against conservative ideas on diplomatic governance in peripheral areas of the world. Galbraith is also well known for his influence on the decision-making of the U.S. presidents of his time. Richard Parker's (2005) biography of Galbraith discusses war and peace, dedicating almost half of its length to dealing with issues relating to war in both the United States and India.

Boulding's masterpiece *Conflict and Defense: A General Theory* (1962) could be the most important accomplishment on the topic of war and economics from the Cold War period. He synthesized various theories on war and economics, including game theories, and developed them into a view on war and peace.

In another book, *The Economy of Love and Fear: A Preface to Grants Economics* (Boulding 1973), he presented his theory on the relationship between welfare and war in the light of grants. In *Stable Peace* (Boulding 1978a), he proposed a stage theory of peace building from the perspective of absolute pacifism, which showed his deep insight into peace and war. As such, he is called the founding father of peace study. His entire academic career could be described as an interdisciplinary and comprehensive philosophy, which proposed a vision of an “eco-system” of the world where the central concern is peace. For example, *Ecodynamics: A New Theory of Societal Evolution* (Boulding 1978b) is one of the most distinguished accomplishments of his study. Among the six volumes of his collected papers, those on war and peace are recorded in volumes 5 (Boulding 1975) and 6 (Boulding 1985). He also became the editor of *Peace and the War Industry* (Boulding 1970), and co-editor of *Disarmament and the Economy* (Boulding and Benoit 1963) and *Economic Imperialism: A Book of Readings* (Boulding and Mukerjee 1972). Therefore, he compiled a body of peace and war arguments in his contemporary period.

For these three thinkers, the unit of the argument on the peace system was the local community for Schumacher, the nation state for Galbraith, and the super-state for Boulding. However, they shared a critical concern for the “all-out” war-like system of the welfare state, where the government utilizes all human potential to build a strong nation state.³ They also shared concerns on the following two issues: (1) mega-technology and technocracy; and (2) the ideological conflict between capitalism and socialism. Consequently, they attempted to change the situation of the all-out system of the nation state in various ways, with a focus on the following: alternative ways to develop local communities and human potential, liberal state-building that put proper constraints on political powers, and the construction of a super-state on behalf of peace. It is interesting to see that these three thinkers not only sought a third path for the economic system between capitalism and socialism in order to avoid the nuclear arms race during the Cold War, but also recognized that policies based on the idea of social democracy were not sufficient for nuclear deterrence. In section 2, I investigate what kind of ideals these three thinkers raised on behalf of peace, and examine their contributions to economic thought on war and peace.

3 The unit of the argument on the peace system can be a global market economy. However, it is surprising to see that there is no leading figure of economic thought who advocated peace based on the idea of a market economy. However, recent statistical analyses show that peace created by commercial relations is stronger than that created by democracy. See, for example, McDonald (2009, 15).

III Theoretical Framework for Arguing the Fundamental Problem

In order to place these three figures' contributions on peace and war in the history of economic thought, I would like to clarify the meaning of peace and war by using the framework portrayed in Table 1 for the analysis.

The relation between peace and war is complex, in the sense that there are situations of neither complete peace nor complete war. The nature of war and peace could be conceived of using the categories of violence and conflict. The concept of violence is defined here as the power to control the lives and deaths of people, and it is a coercive force that directs people to submit to political power based on their fear of death. This violence, however, has the positive function of building a society with a legitimate rule. There would be no sovereign state without a monopoly on violence by the regional government. Nonetheless, it suppresses people as well. When people are released from such a suppressive power, they are transferred to a non-violent situation, but at the same time, legitimate rule is lost.

On the other hand, the concept of conflict is defined here as a counter relationship to corporative or communal relations. Conflict contributes to stress and tensions in a society, and brings numerous disadvantages. However, it is sometimes advantageous in that it can function to coordinate society. For example, conflicts such as market competition under the rule of law, or conflicts in sport games, might be useful, since they generate positive results for society. Competitive or rivalrous relations among people would also generate prosperity, although they may come at the cost of individual disadvantages.

In light of these two categories of violence and conflict, war appears when both violence and conflict are present, while peace assumes the absence of both.

Table 1 Theoretical Framework on Peace and War

	Non-violence	Structural violence	Physical violence
Non-conflict	Peace	World hegemony or international stability based on sovereign states (with military Keynesianism, collective security, etc.)	Monopoly of violence with legitimacy
Positive conflict	Order of competition (market, sport, contest, etc.)	Economic imperialism	Imperialism or colonization as a system of development
Exhaustive conflict	Addiction	Predatory capitalism	War

However, certain distinctions need to be introduced: between structural and physical violence, and between positive and exhaustive conflict. Using these sub-categories, war is better placed in the matrix at the intersection of physical violence and exhaustive conflict, whereas peace is better placed at the intersection of non-violence and non-conflict (Table 1). Table 1 shows that there are nine categories in social situations where peace and war occur. Using this framework, we can examine various situations that are neither peace nor war. For example, situations of economic imperialism would be placed between peace and war, at the intersection of structural violence and productive conflict. In the following, I focus on peace with reference to what I call the fundamental problem of peace and war.

In this framework, peace is placed at the intersection of non-violence and non-conflict. However, this is not just its technical definition, but contributes to our substantial understanding of the nature of peace. The meaning of peace refers to a situation of stillness (i.e., the absence of movement). The Latin origin of this word is *pax*, and its English verb, *to pacify*, means to quell someone's anger. As such, peace is something that brings us to a state of tranquility, towards a quieter mindset, not a principle that makes a secular society dynamic. Therefore, it can be inferred as Thanatos, whose meaning is the principle of negation of the *bios* or principle of death. The Freudian usage of this terminology represents a death instinct, which drives humans to self-destruction, or of other things in the world (Freud 1932). However, my definition of Thanatos is different from that of Freud: it is a principle of anti-*bios*, in which one of the most basic meanings of peace is included. This characterization of peace shows that peace by itself does not have a principle of diversity and prosperity in our lives. In other words, we cannot maintain a peaceful civilized society without the principles of *bios* and *eros*. The idea of a peaceful and civilized society that prevents wars must have elements of violence (legitimate rule), conflict (order of competition), and *eros* (diversity and prosperity), which are not included in the matrix of peace in Table 1. The counter-conception of war is not just peace: peaceful and civilized societies must include violence and conflict, which might also be elements of war. However, these elements would not be counter-elements of war. Therefore, a fundamental question on societal peace that I would like to raise is the following: when the nature of peace is Thanatos, the negation of *bios* in its original meaning, how can we attain the principles of *bios* and *eros* from a peaceful situation and gain our wisdom and driving force in order to build a society without warfare?

This is, in my opinion, the fundamental problem of peace and war in current economic thought. Transforming the violent force of war into the vital force of a competitive market economy, or violence in war into structural vio-

lence in a legitimate hegemony, is sometimes questionable. However, these questions are secondary in the light of the fundamental problem since they do not challenge the nature of peace. As such, we are also able to raise practical questions on policies responding to particular situations of war, such as nuclear, peripheral, and ethnic wars; low-intensity conflicts; and terrorism. However, grasping the nature of peace can be done by raising the problem of war and peace.

IV Responses from Three Thinkers to the Fundamental Problem

In the former section, I defined peace as a state of non-violence and non-conflict. As such, peace as non-violence was ideologically developed by Gandhi and further developed by Schumacher in his book *Small Is Beautiful* (1973). In its second chapter, titled “Peace and Permanence,” Schumacher referred to Gandhi and explained his stance by contrasting his attitude with J. M. Keynes’ paradoxical anti-moralism. According to Schumacher, Keynes’ view on peace can be divided into three parts: (1) universal prosperity is possible; (2) its attainment is possible on the basis of the materialist philosophy of “enrich yourselves”; and (3) this is the road to peace (Schumacher 1973, 25). However, Schumacher doubted this view. In his view, the central question should be how much prosperity is enough for the road to peace. Schumacher pointed out that “[i]f the ‘poor’ suddenly used as much fuel as the ‘rich,’ world fuel consumption would treble right away” (ibid., 26). Moreover, he added the following:

It is not realistic to treat the world as a unit. Fuel resources are very unevenly distributed, and any shortage of supplies . . . would immediately divide the world into ‘haves’ and ‘have-nots’ along entirely novel lines. . . . Here is a source of conflict if ever there was one.

(Schumacher 1973, 29)

Schumacher also noted that the pursuit of economic prosperity is necessarily based on human greed and envy, both of which destroy “human intelligence, happiness, security and thereby the peacefulness of man” (Schumacher 1973, 33). Using this contrast between the pursuit of prosperity, on the one hand, and the peaceful or non-violent relationship of man and nature, on the other, he concluded that the following three characteristics of technology are necessary to build a peaceful society: methods and equipment should be (1) cheap enough so that they are accessible to virtually everyone; (2) suitable for small-scale applications; and (3) compatible with man’s need for creativity (ibid., 35). In order to meet these conditions, he proposed providing modest support to those

who work toward non-violence, such as “conservationists, ecologists, protectors of wildlife, promoters of organic agriculture, distributists, cottage producers and so forth” (ibid., 40). Therefore, in Schumacher’s view, a peaceful society is closely tied with the rise of the peaceful man and his occupations.

On the other hand, Schumacher criticized Galbraith’s view on leisure and production. In *Affluent Society*, Galbraith (1958, 60) wrote that “[i]f . . . we can afford some unemployment in the interest of society, . . . then we can afford to give those who are unemployed the goods that enable them to sustain their accustomed standard of living.” However, this view implies prioritization of the product of work rather than the workers and, therefore, considers goods as more important than people. Conversely, Schumacher emphasized the “nourishing and enlivening factor of disciplined work which nothing can replace” (ibid., 59), and criticized the idea of supplying goods to the unemployed rather than providing them with disciplined work, since the essence of a peaceful civilization lies “not in a multiplication of wants but in the purification of human character” (ibid., 59), which can be attained by living both a simple life in consumption and a disciplined life in work. For him, simplicity, creativity, and non-violence are closely related to each other. As such, a simple life with creative and disciplined work can provide the mental conditions for non-violence. Schumacher thought that such a mentality results in flourishing agriculture and small business. To the contrary, population inflow to metropolitan areas produces unemployment and violence (ibid., 36). Therefore, the question we need to ask on behalf of a peaceful society is how we can create millions of workplaces in rural areas and small cities, leading to a more peaceful mindset. Thus, the mental conditions of non-violence and peace were Schumacher’s normative standpoint, from which he developed his pathology of modern industrial societies.

For Galbraith, the main question on peace was to ask how we can turn the social state of non-conflict into peace through acts of physical violence of the political power. The bipolar hegemonic structure based on the ideological conflict between socialism and capitalism in the Cold War era brought the risk of nuclear war and produced numerous conflicts and wars in peripheral areas. As such, Galbraith’s normative standpoint lay in the idea of social democracy. Moreover, he did not regard the ideological conflict between socialism and capitalism as fundamental and, hence, did not believe that the regime of Pax Americana with its anti-socialist ideology was good for the national interest of the U.S. He criticized the Vietnam War, which, in his view, did not contribute to the national interest of the U.S., despite dampening communist opposition. Consequently, he proposed the idea of multilateral cooperation between nations based on liberal international relations rather than a hegemonic conflict. He also pro-

posed the idea of civil society, which would constitute a counter-power to government technocracy, and the idea of a liberal conception of national interest with a critique of conservatives who generate war.

In his essay 'The North Dakota Plan,' Galbraith (1979, 184f) described his utopian proposals, showing a sense of humor about realizing a peaceful world:

- [1] "Great power rivalry must be eliminated."
- [2] "Ideological conflict must be turned into peaceful indifference."
- [3] "There must be no cause for quarrels over international boundaries," since all boundaries would follow the lines of latitude and longitude.
- [4] "Armies and navies must be curtailed" by distributing defense missiles against nuclear weapons to every country.
- [5] "Political ambition must be reduced" by giving ambitious men chances to become president in any foreign country where the population is lower.
- [6] "To the greatest extent possible, all countries must have a good ethnic mix" in order to avoid ethnic conflicts in international relations.

These six proposals may include utopian elements of a peaceful society, but they directly express Galbraith's liberal ideas on peace.

His response to the fundamental problem on peace and the driving force of prosperity from the negative principle of *bios* toward peace was not revealed readily. However, I would like to focus on his concern towards poverty. In December 1963, a few weeks after the death of President Kennedy, Galbraith made a speech in Washington, and emphasized helping African Americans in poverty, policies also mentioned in his *Affluent Society* (1958, chap. 22). In his speech, he also addressed the idea of making a "Teacher Corps," an elite group of well-trained young teachers to serve in remote areas or urban slums, with ample salaries, in the manner of the Peace Corps (Galbraith 1981, 451). President Lyndon Johnson read Galbraith's idea on the Teacher Corps and asked him to take over the directorship of the Peace Corps in place of Sargent Shriver in 1966. Galbraith turned down his offer, but was worried whether a large portion of the public would think that he had no interest in advancing the cause of peace (Galbraith 1981, 456). At that time, in the presidential election of 1964, Johnson's rival candidate was the Republican Barry Goldwater, with his warlike tendencies and prioritization of the rich over the poor. In this context, helping the poorest people would be significant in making society peaceful.⁴

Lastly, Boulding grasped the nature of peace both from the point of non-conflict and non-violence. He argued that "the Love of God" is a driving force for constituting a peaceful world. According to him, it is the only certain

foundation of the love of one's neighbor and, hence, peaceful international relations. He wrote:

[H]ow can I love the Germans, who with seeming wantonness have destroyed the prim, spinsterish suburb in which I first grew, who have unroofed the chapel in which I first learned the things of God, and the meeting house in which I joined the Society of Friends? (Boulding 1942, 20)

In his response to this kind of problem with enemies, he insisted that "we can only love our enemies, we can only truly forgive a wrong by the overflow of the love and forgiveness of God" (Boulding 1942, 20). Love of God needs to be prioritized over love of country, class, race, and creed. From this ideal of universal love, he had a prospect of a constitution for the army of the world government through a practice of collective security systems.

In *Conflict and Defense* (1962), Boulding developed his understanding of peace through the Love of God, referring to Gandhi's contribution as the most influential in his time. While the Christian ideal of reconciliation makes enemies into friends, and lies in forgiving enemies, Gandhi's idea of reconciliation is expressed as *ahimsa*, or non-violence, whose positive aspect is what Boulding (Boulding 1962, 337) called the characteristic activity of the reconciling personality. According to Boulding's original interpretation, Gandhi's idea of non-violent resistance is a powerful bargaining tool, fitting Thomas Schelling's (1960) bargaining theory. What Schelling did in the solution to bargaining problems was to pay attention to the importance of "saliency." When there is no communication among bargainers, bargains become stuck. However, when bargainers tacitly pay attention to some salient features of the situation, they might be able to make a successful bargain (Boulding 1962, 314). This holds true for the question of peace as well. As such, Boulding paid attention to the role of public relations:

The rapid spread of hostile attitudes, for instance, at the outbreak of a war may be attributed not to simple contagion but to the fact that almost everyone is in the same state of mind of a precarious balance between overt friendliness (or neutrality) and covert hostility and almost everyone receives the same information at the same time through the press and the ra-

4 His late studies show that his political stance had transformed from liberal social democrat to neo-conservative, especially in his compassionate concern for the poor classes (Galbraith 1992; 1999). His sympathy for socialism was transformed into the idea of neo-conservatism, with a desire to stimulate the poor toward education and prosperity.

dio, which tips the balance and causes a large-scale reversal attitude.
(Boulding 1962, 143–44)

From this observation, Boulding proposed the constitution of peaceful international relations through an image strategy. He said that the value structure of a person can be divided into two parts—an inner core, which makes up the main personality traits, and an outer part, which is non-essential:

The success of the reconciliation process . . . clearly depends on how far the value structures of the parties in the field of conflict occupy the core or the shell of the value image.
(Boulding 1962, 312)

In order to reconcile parties in conflict, mediators who have reconciling personalities need to contribute to producing a good image of the outer parts of both parties. Mediators can reconcile both parties by finding and appealing to salencies in their characters, and can change their images. I believe this activity of reconciliation is one of the most interesting contributions of Boulding in developing the practice of *agape* as universal love. The practice of love is the practice of reconciliation. Reconciliation can change other person's image and, hence, enables peaceful communication. It is the power of reconciliation that brings us an associative framework of a collective security system among nations and an armed force of the world government.

Boulding further envisioned a united world army from the stage of collective security alliances and drew up policies for a peaceful world. For example, he proposed the following ideas: (1) a public announcement of perpetual peace; (2) the pursuit of what Professor Charles Osgood called “Graduated and Reciprocated Initiative in Tension Reduction”; (3) separation of the nation from the military; (4) the piecemeal transformation of the military into soldiers without enemies; (5) exploration of both the theory and practical policy for peace through non-violent responses to threats of violence, together with the formation of organizations to develop these non-violent activities; (6) the development of international nongovernmental organizations for negotiating disarmament; and (7) setting up a department of peace within the government with a number of missions.⁵ For example, the United Nations Organization for Image Transmission would deliberately seek to induce national governments to change images in the direction of compatibility (Boulding 1978 a, chap. 4).

5 It should educate the public and government on the meaning of stable peace and the dynamics of peace policy through schools, the press, radio, television, publications, and so on.

These proposals were based on his understanding of *agape*, or universal love, and they are closely related to his idea of ecology and giving. Behind his view, there is his understanding of complex causes of war that cannot be articulated simply. He sought a whole spiritual and institutional vision of peace policies, rather than inquiring into the causes of war.

The following tables show how these three thinkers responded not only to the fundamental problem but also to the related issues of war and peace in economics. Each response has its own systematic explanation of their vision of a peaceful society.⁶

In summary, Schumacher raised the idea of creative work, freedom of potential, and a life in rural and small-town areas as the driving forces of *eros* and

Table 2-a Schumacher's Response

Non-conflict	Creative work, freedom of potential, life in rural areas
Positive conflict	Agriculture, small factories, workplaces, local associations
Exhaustive conflict	anti-mega-industry, critique of metropolitan life

Table 2-b Galbraith's Response

Non-violence	Structural violence	Physical violence
Prosperity of poor classes based on the politics of compassion	Anti-technocracy*, anti-military Keynesianism**, multilateral corporations, ethnic mixture	Nation-state via equal division of world land along the lines of latitude and longitude

* Galbraith 1967 a, ** Parker 2005

Table 2-c Boulding's Response

	Non-violence	Structural violence	Physical violence
Non-conflict	<i>Agape</i> as universal love, image-promoting inclusion movement	Division of state and military power, ethics of Spaceship Earth*	From collective security to armed force of the world government
Positive conflict	Social economy described by synthesis of micro and macro-economics**	Critique of theories on imperialism***	
Exhaustive conflict	Love as giving (welfare state based on the ethics of care)		

* Boulding 1968, ** Boulding 1941; 1945, *** Boulding and Mukerjee 1972

6 Some features in these tables are not discussed in this paper but are supplemented with notes and bibliographical references.

bios for a peaceful society. Galbraith, on the other hand, identified the idea of prosperity of poor classes, based on the politics of compassion, as contributing to the peaceful society. Boulding's idea, which was very original, related to the practice of *agape* as universal love and various image strategies that promote the peaceful inclusion of foreign countries.

The stances of these three thinkers on peace issues in political philosophy can be described in the following way: Schumacher is a local-communitarian plus growth-oriented liberalist, Galbraith is a welfare-state-type liberalist plus neo-conservator, and Boulding is an extended communitarian of *agape* and comprehensive cosmopolitan. Each of these ideals gives an insightful response to the fundamental problem of peace. It could be worthwhile to examine these three thinkers' systematic visions in the light of economic thought on peace and war in detail.

It is true that wars are sometimes economically profitable. However, the best enlightenment of economic thought in an attempt to avoid wars would be to propose a philosophical basis for our subjective criteria for judging the economic costs and benefits of wars, because such criteria depend on our alternative image of the constitution of world peace. In other words, our economic calculation of wars depends on our subjective choice options, which include imaginary alternatives to building world peace. The three economic thinkers discussed gave us precious insights into and responses to this issue. Consequently, the cost of war would seem to be higher because wars deteriorate some of the driving forces of prosperity under the condition of non-conflict and non-violence. It is this enlightenment of economic thought that criticizes ways of economic thinking on peace and war.⁷

(Tsutomu Hashimoto: Hokkaido University)

References

- Andics, Hellmut. 1969. *Rule of Terror: Russia under Lenin and Stalin*, trans. by Alexander Lieven. New York: Holt, Rinehart and Winston.
- Arrow, Kenneth. 1994. "International Peace-keeping Forces: Economics and Politics." In *The Economics of International Security: Essays in Honour of Jan Tinbergen*, ed. by Manas Chatterji, Henk Jager, and Annemarie Rima. London: St. Martin's Press.
- Boulding, Kenneth E. 1941. *Economic Analysis*. New York: Harper.

7 Market liberalism or libertarianism might be an alternative idea for creating world peace. However, as long as it regards our profit motive as the power of *eros*, it might also promote war in different situations. It could promote war on behalf of protecting the private property rights system. The point here is whether we incorporate an alternative image of world peace into our enlightened preferences.

- . 1942. *A Peace Study Outline: The Practice of the Love of God*. Philadelphia Yearly Meeting Book Committee.
- . 1945. *The Economics of Peace*. New York: Prentice Hall.
- . 1962. *Conflict and Defense: A General Theory*. New York: Harper and Bros.
- . 1968. *Beyond Economics: Essays on Society, Religion, and Ethics*. Ann Arbor, Michigan: University of Michigan Press.
- . 1973. *The Economy of Love and Fear: A Preface to Grants Economics*. Belmont, California: Wadsworth Publishing.
- . 1975. *International Systems: Peace, Conflict Resolution, and Politics*. In *Collected Papers: Kenneth E. Boulding*, Volume 5, ed. by Larry D. Singell. Boulder, Colorado: Colorado Associated University Press.
- . 1978 a. *Stable Peace*. Austin, Texas: University of Texas Press.
- . 1978 b. *Ecodynamics: A New Theory of Societal Evolution*. Beverly Hills, California: Sage Publications.
- . 1985. *Toward the Twenty-first Century: Political Economy, Social Systems, and World Peace*. In *Collected Papers: Kenneth E. Boulding*, Volume 6, ed. by Larry D. Singell. Boulder, Colorado: Colorado Associated University Press.
- . ed. 1970. *Peace and the War Industry*. Chicago, Illinois: Aldine Publishing.
- Boulding, Kenneth E. and Emile Benoit, eds. 1963. *Disarmament and the Economy*. New York: Harper and Row.
- Boulding, Kenneth E. and Tapan Mukerjee, eds. 1972. *Economic Imperialism: A Book of Readings*. Ann Arbor, Michigan: University of Michigan Press.
- Clausewitz, Carl von. 1976. *Vom Kriege: hinterlassenes Werk*, als Volksausgabe herausgegeben von A. W. Bode. Leipzig: H. Schaufuß (1832), On War, ed. and trans. by Michael Howard and Peter Paret. New Jersey: Princeton University Press.
- Freud, Sigmund. 1932. "Warum Krieg," in *Gesammelte Werke: Chronologisch Geordnet Bd. 16. Werke aus den Jahren 1932–1939* (1961).
- Galbraith, John Kenneth. 1958. *Affluent Society*. Boston, Massachusetts: Riverside Press.
- . 1967 a. *The New Industrial State*. Boston, Massachusetts: Houghton Mifflin.
- . 1967 b. *How to Get out of Vietnam: A Workable Solution to the Worst Problem of Our Time*. New York: New American Library.
- . 1969. *How to Control the Military*. New York: New American Library.
- . 1971. *A Contemporary Guide to Economics Peace and Laughter*, essays ed. by Andrea D. Williams. New York: New American Library.
- . 1979. *Annals of an Abiding Liberal*, ed. by Andrea D. Williams. Boston, Massachusetts: Houghton Mifflin.
- . 1981. *A Life in Our Times: Memoirs*. New York: Ballantine Books.
- . 1992. *The Culture of Contentment*. Boston, Massachusetts: Houghton Mifflin.
- . 1999. *The Economics of Compassion*, Japanese edition. Tachibana Publishing.
- Hume, David. [1777] 1987. *Essays, Moral, Political, and Literary*, ed. by Eugene F. Miller. Indianapolis, Indiana: Liberty Fund.
- The Institute for Economics & Peace. 2011. "Economic Consequences of War on the U.S. Economy," from <http://www.thereformedbroker.com/wp-content/uploads/2012/02/Economic-Consequences-of-War.pdf> (accessed 2016/06/18).
- Klein, Lawrence R., Fu-chen Lo and Warwick J. McKibbin, eds. 1995. *Arms Reduction: Economic Implications in the Post-Cold War Era*. Tokyo: United Nations University Press.
- Leontief, Wassily and Faye Duchin. 1983. *Military Spending: Facts and Figures, Worldwide Implications, and Future Outlook*. New York: Oxford University Press.

- McDonald, Patrick J. 2009. *The Invisible Hand of Peace*. Cambridge: Cambridge University Press.
- Parker, Richard. 2005. *John Kenneth Galbraith: His Life, His Politics, His Economics*. Chicago, Illinois: University of Chicago Press.
- Robertson, James. 2011. *Transforming Economic Life: A Millennial Challenge*, Schumacher briefing, No. 1, Green Books for the Schumacher Society.
- Robinson, J. 1972. The Second Crisis of Economic Theory. *American Economic Review* 62 (1/2): 1–10.
- Schelling, Thomas. 1960. *The Strategy of Conflict*. Cambridge, Massachusetts: Harvard University Press.
- Schumacher, Ernst Friedrich. 1973. *Small Is Beautiful: A Study of Economics as if People Mattered*. New York: Harper and Row.
- . 1979. *Good Work*. New York: Harper and Row.
- . 1997. *This I Believe and Other Essays*. Totnes: Green Books.
- Scott, Robert. 2015. *Kenneth Boulding: A Voice Crying in the Wilderness*. Basingstoke: Palgrave Macmillan.
- Smith, Adam. [1776] 1976. *An Inquiry into the Nature and Causes of the Wealth of Nations*. In *The Glasgow Edition of the Works and Correspondence of Adam Smith*, Vols. 2a–2b, ed. by R. H. Campbell and A. S. Skinner. Oxford: Oxford University Press.
- Wood, Barbara. 1985. *Alias Papa: A Life of Fritz Schumacher*. Oxford: Oxford University Press.