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Book Note

Higgs, Robert. 2006. *Depression, War, and Cold War: Studies in Political Economy*. Oxford: Oxford University Press. xv + 221 pp. ISBN: 0-19-518292-8 (hardback). Price: £19.99.

by Bjørn Møller (29 November 2006)

This work consists of revised versions of articles written and published by the author over a decade or so, all devoted to explore the effects of war and war preparations on the U.S. economy. Looking back at the depression of the 1930s, Roosevelt's "New Deal," the Second World War, and post-war demobilization, the author questions some of the traditional (Keynesian) assumptions, e.g., that Roosevelt's policies gave a boost to an economy in deep recession and that the war had more or less the same effects, only slightly more so. Recommendable though such questioning of commonly accepted verities may be, the author's alternative theory is unconvincing. His main argument is that the New Deal made prospective investors fear for the impending introduction of a totalitarian command economy, thus holding back private investment. Indeed, the author argues that "the New Deal prolonged the Great Depression by creating an extraordinarily high degree of regime uncertainty in the minds of investors" (p. 24), which was not dissipated by the war itself. He claims that investors were very reluctant to invest in the arms industry, preferring to invest in facilities which could be converted to civilian production after the war, an assessment which many would question. His claim that the U.S. economy had, by around 1943, become a "thoroughgoing command system" (p. 73) is surely also an exaggeration.

The analysis of the Cold War economy is somewhat more convincing, even though the author adds only little to what is already known. He writes about the "iron triangle" of the arms purchasing agencies, the arms producers, and the congressional committees responsible for oversight and appropriations, yet without really providing any new insights, and his proposal to replace the term military-industrial complex with military-industrial-congressional complex fails to convince, however much one might agree with his critique of the "congressional pork barrel" (p. 152). Quite a lot of his analysis seems to be based on the works of Murray Weidenbaum, especially the latter's *Small Wars, Big Defense* (1992) which, for all its monetaristic flaws, is better than that by Higgs.

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