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Castles, Battles, and Bombs: How Economics Explains Military History

Cameron M. Weber^a

^a New School for Social Research,

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Castles, Battles, and Bombs: How Economics Explains Military History

Jurgen Brauer & Hubert Van Tuyll

Chicago, University of Chicago Press, 2008, 403 pp., \$18.00 paperback

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This book is a gem for those interested in economic history and the economics of war and peace. Co-authored by an economist (Brauer) and an historian (Van Tuyll), the book is exceptional in its methodology and in the depth of its analysis and insight. *Castles, Battles, and Bombs* is an example of how interdisciplinary scholarship can be done well. The book covers many fields, including political economy and economic theory, public finance and fiscal history, behavioral and leadership psychology, political history, military history and strategy, and period history; it draws from sources in English, French, Italian and German over these same diverse fields, bringing the work together into a clear and concise whole.

Although the authors cast a wide net in terms of time-frame (AD 1000 to AD 1999), they acknowledge that the historical case studies to which they apply economic analysis are ‘offbeat’ (p. 40); they make no claim to completeness. They examine six historical periods, presenting one case study per period:

- the High Middle Ages (1000–1300), on expenditures for castle-building versus battle-ready soldiers in medieval England and France;
- the Renaissance (1300–1600), on the principal-agent problem raised by using soldiers-for-hire in Italy;
- the Age of Battle (1618–1815), on the marginal costs and benefits of engaging in battle in Western Europe;
- the Age of Revolution (1789–1914), on asymmetric information, specifically the economics of espionage in the US Civil War;
- the Age of World Wars (1914–45), on diminishing returns to the Allied bombing of Germany; and
- the Cold War (1945–91), on how France evaluated whether and in what degree to substitute nuclear buildup for expenditures on conventional armed forces.

A concluding chapter on ‘Economics and military history in the twenty-first century’ looks at recent developments in warfare. Oliver E. Williams’s concept of probity hazard is applied to anti-terrorism efforts and to the problems that have arisen in connection with the use of military contractors. This chapter’s discussion of conscription’s effects on both the military and on a nation’s economy is especially good, as is the analysis of the private and public provision of public goods in defense.

The first chapter of the book delineates the economic principles used in the historical analysis. This section itself is an excellent and often humorous exposition of economic fundamentals; however, the authors favor a more sophisticated and nuanced approach that incorporates cutting-edge mainstream ideas, including New Institutional Economics, ‘experience’ goods (increasing returns to scale in consumption), bounded rationality, transactions costs, asymmetric information, externalities and networks. All of this is described in a manner that both economists and non-economists will find useful and engaging.

Brauer & Van Tyull introduce their first case study by presenting a theory of why the modern nation-state is so prone to engage in war. The opportunity cost of war has been reduced with the introduction of central banking and fiat-money (the authors do not mention the latter explicitly); in the pre-nation-state era, the opportunity cost of warfare was greater: ‘True, men could be ordered to wage war, but only for periods specified by tradition. . . . A modern state possesses impressive tools to wage war such as a national tax system, conscription, and credit. . . . A king in 1008 was far more aware of the need to make choices than a president in 2008’ (p. 45). This analysis is timely and anticipates some recent work on presidential power in the United States, such as Garry Wills’s (2010) monograph *Bomb Power: The Modern Presidency and the National Security State*.

Each case-study begins with the accepted economic, political and military history of the period under consideration, and presents recent revisionist and

competing historiographies. Both the economist and the historian will be interested in these case studies, and each chapter can be read on its own, independently of the theoretical underpinnings presented in the first chapter and the case-studies of earlier periods.

A brief description of the chapter on medieval Europe will convey a sense of how the authors go about their work. The chapter illustrates how increasing returns to scale of military power led to the evolution of the nation-state. It examines the 'top-down' economic reasoning behind the transition to capitalism from feudalism via an extended analysis of the public choice dynamics of the privileged position of the aristocracy as rulers of castles and the intra-monarchal rebellion that this autonomy augured. Brauer & Van Tyull also describe an incentive structure that might have led to the end of castle-building (expensive endeavors, to say the least) as a means of expanding territorial control by monarchs.

It is hard to find fault with this book. It shares a minor defect common to many works of historical scholarship: too often a dense set of information is supported by a single footnote containing several references, so that the source for a specific fact is difficult to determine. But this is signaled upfront in the authors' declaration of their intent to keep footnotes to a minimum for the benefit of non-specialist readers. Another weakness is that the case studies are Euro-centric; but this too is acknowledged by the authors, who repeatedly offer suggestions for further research, based on the methodology they have so well-defined, beyond the scope of this particular book.

Peace (or war) economics is a growing field. (Two of the last three Papers and Proceedings issues of the *American Economic Review* have published papers, from the 2007 and 2009 American Economic Association conferences, that were devoted to the economics of war.) The analytical history and theoretical underpinnings provided in this book will be indispensable to those wishing to pursue research in the field. Brauer & Van Tuyll offer a welcome starting point for those new to peace economics. Their book moreover constitutes an important scholarly contribution to the economic history of the periods examined.

Cameron M. Weber
New School for Social Research
Email: cameron_weber@hotmail.com
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Reference

- Wills, G. (2010) *Bomb Power: The Modern Presidency and the National Security State* (New York: Penguin).