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Megatrends in the Use of Force

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AT ANY GIVEN MOMENT IN HISTORY, there are hundreds if not thousands of political, cultural, and economic trends that an observer can identify. Some of the trends will be short and of no consequence, some long but also inconsequential, and many of them just "noise," but there will also be a few significant megatrends. A later historian has an easy job: she looks back at the visible long-term trends that changed the world. But how can we identify the significant megatrends of today? As we approach the end of the twentieth century, millenary thinking encourages one to try. I will suggest some megatrends that I believe will impact most significantly on the future use of force. Yet in contributing to a volume that is part of a historic and enduring series, I am troubled by the likelihood that a future reader may be interested in my essay only to see what later developments blindsided me. Of course, some things could possibly happen that would make any such enterprise, not just mine, quite obsolete: invasion from another galaxy, conquest by deadly viruses, or more benignly, cheaply converting water into energy. But macro-convulsive events aside, and with more than customary trepidation, I offer here a discussion of some of the megatrends that I see will probably have the greatest impact on the future use of force.

The Global Market

The demise of Marxism-Leninism in the former Soviet Union was only the most visible effect of a worldwide surge to capitalism and free markets. Are there any “undeveloped” nations today? Perhaps there are a few, but nearly all nations rightly regard themselves as “developing” or “developed.” Former political “hot spots” all over the world have cooled down as the people in those localities have increasingly realized the foolishness of engaging in political fights while their neighbors in peaceful countries are busy accumulating wealth. I have in mind South Africa (how else account for the incredible dismantling of apartheid?), Northern Ireland, and even the Middle East, which is fitfully moving toward accommodation.

As prosperity spreads, we hear commentators saying that war is economically irrational and hence cannot or will not occur. The problem is that popular writers were saying the same thing in the years preceding the outbreak of World War I. Industrial Europe was humming along in 1907–1914, trade was flourishing, and wars seemed a thing of the past. Was there a difference between those times and today with respect to the outlook for war? I can suggest two interrelated differences.

One is colonization. Prior to the First World War, the European powers, no matter how peaceful vis-à-vis each other, were engaged in aggrandizement of their empires abroad. Colonial wars were being fought in Africa and Southeast Asia even as the home countries appeared peaceable within Europe. Perhaps the submerged competition for empire, combined with a continuing taste for foreign military adventurism, were long levers propelling the mother countries toward war. Looking back on it, it seemed to have been a case of the colonial tail wagging the home country dog.

A second difference concerns convictions about the peace thesis. Although it was popular to claim that wars were economically irrational, there were perhaps too many skeptics in high places. The skeptics were justified at least in believing that it had not been proven that nation A would become richer by trading with nation B than conquering and subjugating B. Perhaps colonization was the basis for this belief; after all, the major nations were engaged in colonization at a time when their home economies appeared to be prospering. Although there may not have been any causal connection between colonization and prosperity, when two major trends coexist many people assume that they are correlated. It was intellectually hard to make a case that a nation could be better off without colonies. To be sure, nations without colonies such as those that made up the Austro-Hungarian Empire, were

thriving prior to World War I, but this could be rationalized as derivative or spillover prosperity from colonizers such as France, Germany, and the Netherlands.

Today, in contrast, colonialism has ended. I would like to show by some statistics the generally accepted proposition that the peace thesis has been proven by the experience of Japan.

Japan for the last hundred years has been a nation of processors, importing raw materials and energy and exporting finished products. Japan's prosperity in the processing business was rudely disrupted in the aftermath of World War I, when European nations, and eventually the United States, erected high tariff barriers. No longer able to sell its products profitably in these two markets, Japan was plunged into a severe recession. Control of its economically hapless government soon passed into the hands of demagogues and militarists. Their agenda was to substitute force for trade: an export market for Japanese goods would be created by force in China, to be followed up by forcible control over imports from Southeast Asia. The "export" part of the story got off to a good start with the immediate conquest of Manchuria, unopposed by the League of Nations. But soon the Japanese Army was confronted with sophisticated guerrilla tactics in the rest of the vast Chinese empire. It got bogged down in China through the rest of the 1930s and for the entire duration of World War II. Far from being able to generate a captive Chinese market for Japanese products, the only "demand" created was that for weaponry and ammunition on the part of the Japanese army—a demand that Japan had to satisfy for free.

However, it is the "import" side of the story that furnishes the more interesting and decisive demonstration of the peace thesis. (The case of Japan's China adventure was not conclusive, in that it could be blamed on military shortcomings and poor generalship rather than economic irrationality.) Prior to 1940 Japan had to import 83 percent of its iron-ore requirements, 40 percent of its steel, 80 percent of its oil, and 100 percent of its aluminum. Then it invaded Southeast Asia, with immediate and astounding success. Military dictatorships were set up in Hong Kong, the Philippines, Malaya, Singapore, the Dutch East Indies, Indochina, Siam, northwest New Guinea, Burma, and numerous South Pacific islands. But surprisingly, exports from these newly colonized territories to Japan steadily declined from 1942 to 1945, even though in 1942–1943 there was only sporadic Allied interference with Japanese shipping.¹ By 1945 Japanese coal imports were at 8 percent of their 1941 level, iron ore at 5 percent, iron and steel at 18 percent, and rubber at 26 percent. Also, within the conquered lands themselves, by 1945 tin production in Malaya had declined to 24 percent of its prewar level, and in the Dutch East

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Indies oil had collapsed to 5 percent of its prewar output.² Military conquest had thus contributed both to a sharp reduction in the production of raw materials in Southeast Asia and a near-collapse of Japanese imports of these raw materials.

Contrast this situation with that of the present day. The efficacy differential of trade over war is such that Japan now imports all the raw materials it wants, and the profitability of its processing industry has resulted in an enormous capital trade surplus. The lesson learned not only by the Japanese public but also by people throughout the world is that everyone can become materially richer if their nations trade with other nations instead of trying to conquer and control them. It is better for A to trade with B than to own B.

Trade increases the material wealth of both A and B irrespective of the sophistication of their internal economic systems. If A is very rich and B very poor, and even if A can produce more efficiently every single item that B can produce, the Doctrine of Comparative Advantage nevertheless assures that both A and B will become better off by trading with each other.³ As Paul Krugman puts it, “[A] country whose productivity lags that of its trading partners in all or almost all industries will export those goods in which its productivity disadvantage is smallest.”⁴ The attraction of trade to A is inescapable: it becomes more wealthy itself while driving up the wealth of its neighbor B, thus giving B less incentive to prey upon A.

Despite this reality, history has shown that a war can break out no matter how economically irrational it might be. Our baser instincts tend to control our actions; our minds, swept along, provide the necessary rationalizations.⁵ When mass emotion has been aroused by appeals to nationalism, “God and Country,” religious fundamentalism, *lebensraum*, demonizing one’s neighbors, and the like, then nations have resorted to war. (A recent example was the soapbox orators’ appeals in Former Yugoslavia, turning a previously peaceful accommodation among Croats, Muslims, and Serbs into mutual hatred and civil war. The result was nothing short of economic disaster for all parties, which is probably one reason why the nations of the European Union were not particularly motivated to intervene.) Emotions such as these cannot be trumped by appeals to reason. To block a militant emotion, a countervailing emotion must be evoked.

Emotional Value of Life

I believe that the most significant megatrend of the twentieth century is the sharply increasing value we place on individual human lives. This may be a

strange proposition to assign to a century in which more people have been killed than ever before (the two world wars, Stalin's and Hitler's genocides, etc.) Yet it was largely as a revulsion against those killings that the post-World War II era witnessed a seachange to international human rights: from the Universal Declaration of Human Rights and the Genocide Convention to the recent Rights of the Child Convention (ratified by more States, and more quickly, than any treaty in history). But revulsion against killing aside, I think the two underlying causes of the increasing value placed on human life are population dynamics and television.

Population Dynamics. The Malthusian doomsayers of the 1970s, such as Paul Ehrlich, were right when they said that a geometrically increasing world population would render human life very cheap, but they were wrong in predicting a population increase. To be sure, one can still make a vivid claim that there is a global population explosion. I recently added up demographic statistics that show us to be adding to the world's net population, *each year*, a number equal to the combined populations of New York City, Los Angeles, Chicago, Mexico City, Rio de Janeiro, London, Paris, Berlin, Vienna, Rome, Moscow, Bombay, Melbourne, Beijing, Shanghai, and Tokyo. How can the world continue to absorb all these new people each year? The world's population, now at 5.7 billion, will increase to about 9.4 billion over the next fifty years. Are we not already witnessing the cheapening of human life, sadly exemplified in genocides in Cambodia, former Yugoslavia, and Rwanda-Burundi?

Despite overall population growth, the megatrend goes the other way. For the first time in human history the developed nations are experiencing a population decline. United Nations statistics compiled in 1995 show that the fertility rate of women was equal to or less than the replacement rate (2.1 children per woman) in countries having 44 percent of the total world population. By 2015 it is projected that countries containing two-thirds of the world's population will show a zero or negative replacement rate.⁶ The lowest fertility rates are in Italy (1.24), Spain (1.27), and Germany (1.30). Hong Kong (1.32) and Japan (1.48) are surprisingly low, as are Russia (1.53), South Korea (1.65), Singapore (1.79), China (1.92), and Thailand (1.94). The United States is slightly below the replacement rate (2.05). As the developing countries become developed, they will clearly head in the direction of China, Thailand, and Japan. Just a decade or two ago China had a population crisis—no longer. Among the factors accounting for the population decline are women's education (which has been called the world's most powerful

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contraceptive) and a world decrease in male sperm count (not fully understood, but perhaps due to increasing use of pesticides in agriculture and medications in animal farming).

If a Malthusian surplus of people theoretically renders human life cheap, a shortage of people is rendering human life increasingly dear. Since I am talking about value, anecdotal evidence can be useful. In past centuries and through much of the twentieth century, parents could “tolerate” the loss of two or three sons in a war; there were more siblings back home. Today there is no tolerance for the loss of a single life in war. Many countries are demilitarized, and with the increase in democracy throughout the world, public opinion wants nothing to do with military adventurism. American foreign policy in Bosnia today, where American troops are stationed along with other NATO forces, is dominated by a fear of “body bags” returning home. Moreover, the inevitable fatal accidents that occur in the course of military training and exercises are now getting enormous media attention; a few decades ago they were not even noticed. American special forces sent abroad for “police action,” such as in Somalia a few years ago, are schooled in the doctrine that individual survival comes first: don’t begin a mission unless you have a safe individual “exit strategy.” Gone, maybe forever, is the World War II ethic of individual sacrifice to further some generalized military policy (though some fundamentalist countries can still muster fighting forces under the guise of religious obligation). During the Second World War, the number of lives lost to “friendly fire” was not revealed; parents were notified that their sons had been killed in action. Today, pervasive media coverage makes it difficult to hide a tragic loss due to friendly fire, and when any is revealed, public reaction is instantaneously critical.

Television. First came motion pictures, then television. They have changed human life on earth, not just because underdeveloped countries can see how people live in developed countries and want to get there too, and not just because global news makes faraway places and events seem close and relevant. Rather, what is important is the creation by the entertainment media of empathy for other people’s lives. The stories told on television—the series and “made-for-TV” films—feature the individual, and they use audio-visual tricks and special effects to establish empathy between the viewer and the image of a person on the screen. We are caught up in the lives of these actors in their fictional stories, and we share their hopes and fears. Viewers learn to *care* about what happens to these actors in their compelling dramas. David Hume in the eighteenth century discussed the “moral sentiment”—that facility of people to sympathize (a better word for his purposes perhaps would have been

“empathize”) with the inner feelings of others when they recognize the external signs of those feelings. A stranger who is obviously in pain can evoke a sort of virtual pain in the observer. Of course, Hume knew nothing about moving pictures; he lived before the invention even of photography. Perhaps he would have been astounded if he could have seen how easy it is for people to empathize with motion pictures of other people, even when they know those other people are only acting.

Soldiers, of course, are trained to disregard the human feelings and sentiments of the enemy. War propaganda often demonizes enemy combatants, downgrading the enemy to a subhuman level. Group values are promoted at the expense of individual values. For example, if we look back at the movies of the Second World War, we find that most of them feature an ensemble of leading players (in contrast to the superstar of today), and usually one of them dies in action in the course of the picture. Although the death is temporarily mourned, it is soon overshadowed by the military glory of the successful ending. Hollywood did its best to emphasize group values, but it was not easy to do. There is an underlying logic of motion pictures and television that makes the images and stories most compelling when they portray the drama of an individual, empathetic hero. When John Wayne was in a World War II movie, he could not die (if he did, the box office would die too). His movies suggest an uneasy directorial struggle between group heroics and Waynish heroics, and somehow his films viewed today seem less realistic as war cinema because of his strong presence.

“Smart” Weapons. The development of “smart” weapons that home in on their targets means that the mass and indiscriminate killings of World War II are no longer a necessary part of warfare. The number of personnel in national army groups, has accordingly decreased; smaller-sized “mobile,” “elite,” and “special forces” units are taking the place of armies, divisions, and regiments. The new soldier—more mechanized, trained, and deadly—is correspondingly more valuable than his or her historical counterpart. The American F/A-18 Hornet, both a fighter (F) and attack (A) aircraft, can carry up to three tons of smart bombs and missiles.

A striking difference between World War II and today is the case of the aircraft carrier. In 1940–1945 it was the single most expensive and effective weapon, and it was nearly invulnerable. Today its cost and effectiveness are still enormous when used against many adversaries; what has changed is vulnerability. The U.S. carriers in the Seventh Fleet, shuttling opportunistically between the Middle East and the Formosan straits, are a

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formidable presence in both theatres. Yet the carrier is virtually helpless against a nuclear missile attack. A single missile discharged from a submarine many miles away can obliterate an aircraft carrier. The carrier is like Goliath, who was the most powerful individual of his time and place: although retaining his power, he abruptly became vulnerable to David's slingshot.

It is mostly a historical coincidence that smart weapons have been developed at the same time that human life has become more valuable. The two trends work hand in hand, but they have very little intrinsic connection. Scientists and technicians have always had sufficient motivation to develop accurate and smart weapons; they did not need any extra humanitarian motives.⁷ Moreover, there are contrary trends. The same scientists and technicians have developed nuclear weapons of unprecedented and indiscriminate destruction. But a nuclear missile can be accurate or not, depending on its use. It can be thought of as having pinpoint accuracy if launched upon an aircraft carrier at sea, while a counter-value attack upon a city is the antithesis of military accuracy. Another contrary trend is the blurring of the distinction between civilian and combatant. Guerrilla fighters who wear civilian clothes invite their opposition to attack indiscriminately—as was discovered, among other places, in Vietnam. And with extreme perversity, guerrillas can turn on defenseless people, as did the Shining Path in Peru in recent years. Much of the killing and the setting up of “detention camps” in the former Yugoslavia in the 1990s was traceable to the lack of military uniforms or insignia on many of the soldiers, a legacy of the effective resistance movements in Yugoslavia during World War II.

Smart weaponry means that governmental officials are not totally safe if they initiate war. As a result, wars of international aggression have become extremely unlikely. Most wars since World War II have been limited, internal wars (Korea, Vietnam, Nicaragua, Yugoslavia) or border disputes. Iraq's attack on Kuwait was the anachronism that proves the rule, and even then from Saddam Hussein's point of view it was aimed at a territory that he said historically belonged to Iraq. Perhaps the most instructive example is, again, that of Japan. Not only is it demilitarized but also it has decided that armies are economically wasteful. Recently, as North Korea proceeded to develop a nuclear capability, Japan appeared to view the situation with equanimity. The United States seemed to be far more worried about nuclear proliferation into North Korea than was Japan, even though Japan was nearby and vulnerable. If the North Korean government thought that its internal economic problems could be solved by diverting scarce resources to achieve a nuclear capability, they could have learned from De Gaulle's *force de frappe*. France's nuclear

weapons appear to have done absolutely nothing for France's well being or life style; instead, the program has been immensely costly and remains so (as France continues to have to bribe the Polynesians to allow an occasional nuclear testing program in the South Pacific). France's neighbor Germany has achieved greater clout in the European community by not diverting any of its manufacturing energy to nuclear weapons.

Clash of Civilizations?

Irrational reasons that can impel a nation to war include religion and nationalism, which are of course the two most historically important factors leading to war. Nationalism can be held with the fervor of religious commitment (consider the Rousseauian notion of "civil religion"), yet I think that nationalistic wars have peaked in the nineteenth and twentieth centuries. It was never an easy matter for governments to stir up their citizens to go to war, and now that government elites are looked upon with more distrust than ever—coupled with the increasing value accorded to human life—I suspect that wars of aggression between nations will become increasingly rare. Religion, cutting across national boundaries, is a more likely candidate to precipitate international conflict.

Samuel Huntington identifies the major contemporary civilizations as Western, Confucian (Sinic), Islamic, Japanese, Hindu, Latin American, and perhaps African.⁸ All of these have a distinctly religious core. His article in *Foreign Affairs* published in the summer of 1993, entitled "The Clash of Civilizations?" instantly became a focal point of discussion around the world. Perhaps much of the attention accorded to the article was due to the fear evoked by the possibility of a military clash between two huge civilizations, plunging the world into a genocidal war that could dwarf the first two world wars. The problem was that Professor Huntington never defined what he meant by "clash." That word can refer ambiguously to encounters ranging from the cultural clash of rock music and country and western music, to the religious clash of two professors of theology debating alternative interpretations of the Dead Sea Scrolls, to the culture shock of Western women visiting fundamentalist Muslim countries and seeing obvious signs of female subordination to men, to outright military encounters, as among the Croats, Muslims, and Serbs in the Former Yugoslavia.

Professor Huntington followed up his article with a book, whose title, unlike that of the article, did not end with a question mark. After considerable historical material and various statistical tables, *The Clash of Civilizations and*

the Remaking of World Order ends with a possible scenario of a global war breaking out in the year 2010. China claims that it will establish full control over the South China Sea; “The Vietnamese resist and fighting occurs between Chinese and Vietnamese warships.”⁹ The United States dispatches a carrier task force to the area. China responds by launching air strikes against the task force. Japan sides with China, one thing leads to another, and soon Russia, Europe, and “most of Islam” are drawn in to a “global civilizational war.” Professor Huntington concludes, “If this scenario seems a wildly implausible fantasy to the reader, that is all to the good.”¹⁰ But the first question that a reader should ask is not the implausibility of the scenario (after all, there are millions of implausible scenarios that people could envision), but how it relates to Professor Huntington’s thesis. China and Vietnam are part of one civilization as defined by Professor Huntington—the Sinic civilization.¹¹ Thus, if his scenario begins as a conflict between China and Vietnam, it is not a clash between civilizations but a clash between two States having the same civilization. Such a clash may or may not occur; indeed, anyone could predict a clash between any two contiguous States and be as likely as Professor Huntington to be right or wrong. It is surprising that Professor Huntington would choose as the linchpin scenario of his book a conflict that has nothing to do with the thesis he is advocating. Yet it is not an isolated example of the sprawling nature of his thesis. In many previous chapters he recounts clashes within civilizations, especially focusing on wars in Islamic countries. The recent wars between Iran and Iraq, and between Iraq and Kuwait (and Saudi Arabia, ostensibly the next target had Saddam Hussein succeeded in holding on to Kuwait), are clearly wars within a civilization.

There is some plausibility in the idea that if an irrational war is to occur, the irrational reason for the war may be rooted in religions or civilizations. However, picturing *how* it is supposed to occur is really the crux of the matter. Professor Huntington may have felt the logical imperative to supply at least one scenario in his book so as to answer the question of *how*. But the scenario he chose illustrates nothing so much as the poverty of his thesis. The thesis boils down to saying that wars can occur within civilizations as well as between them. One then has to ask what civilizations have to do with it.

The Corporate World

With the accelerating global market, multinational corporations are increasing in size and influence. They are not downsizing. Corporate mergers and acquisitions throughout the world appear greatly to exceed corporate

divestitures and spin-offs, not only for reasons of economic efficiency but also because of the increasing separation of owners and managers. Shareholders in corporations rarely exercise meaningful control of operations; instead their fiduciaries—corporate executives and managers—have a free hand. These managers try to hold onto and augment their power, which means, effectively, that companies will grow even if growth is not in the economic interest of the shareholders.

Governments, on the other hand, are downsizing. With the decline of international wars, they have less justification for taxing their citizens; as tax revenues level off or decline, government services are cut back or privatized, and as a consequence the pressure for downsizing increases.

If we compare multinational corporations with governments, we find not only that the former are upsizing while the latter are downsizing but we also find that many corporations have assets that exceed those of many governments. Perhaps the majority of the approximately 190 States in the world today do not collect as much as eight billion dollars a year in taxes—the net income of General Electric Corporation.¹² Microsoft Corporation, which has been in existence for less than a quarter of a century, currently earns \$3.5 billion a year, more than the tax revenues of many States that have been in existence for centuries.¹³ There are other considerations useful in comparing multinational corporations with government.

Corporations tend to exert far more power over their employees' daily lives than governments exert over their citizens. (True, an employee can quit her job just as a citizen can renounce her nationality, but there is no safe haven in either case—one simply goes to the next corporation or the next country.)

Unlike governments, *corporations do not have a specific territory to defend.* They branch at will throughout the world, setting up offices, factories, service centers, etc. More importantly, they establish subsidiaries in many countries. Technically a corporation's legal identity is dependent upon its charter in its original State of incorporation,¹⁴ however, multinational corporations these days—in the unlikely event of hostility from the original State of incorporation—have the hydra-like ability to phase out their main office and reincorporate in another State.¹⁵ Peter Drucker has called attention to the fact that multinational corporations are slowly becoming transformed into what he calls "transnational corporations."¹⁶ Whereas a multinational corporation sets up subsidiaries that are essentially clones of the parent company, a transnational corporation only localizes selling, servicing, public relations, and legal affairs; parts, machines, planning, research, financing, marketing, and pricing are conducted in specialized locations, so that a given subsidiary in a

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given country might receive parts from all the other subsidiaries and simply assemble the final product locally. Thus, if any government takes over any of the subsidiaries, it will take over an essentially worthless operation; the corporation will simply cease shipping the component parts to that taken-over subsidiary. Drucker says “successful transnational companies see themselves as separate, nonnational entities.”¹⁷ As global financial markets become consolidated (twenty-four-hour trading worldwide), there will be less reason for US corporations to maintain their US nationality. They may gain a tax advantage by moving to a foreign haven, and there might be little loss in abandoning their American identity as far as share prices and financial liquidity are concerned.

Unlike governments, *corporations are not burdened with social responsibility*. A government—even the most dictatorial—believes that the welfare of its citizens is its responsibility. In contrast, corporations will not take on any social responsibility—even as to their own employees—that would result in a loss of long-term profitability.¹⁸

Nearly every corporation has its own security personnel. The number of private police personnel employed in the United States greatly exceeds the number of public police officers. Private security persons are usually armed and can legally use force within their corporate jurisdictions. In addition, there are many private companies that lease temporary security persons to corporations to police special events. As I walk to my office, I sometimes see a Northwestern University police car. It is painted the same colors as a regular police vehicle and has Mars lights on its roof. The persons in the car are uniformed like regular police and carry weapons. The word “POLICE” is painted on the side—and underneath it, in a somewhat smaller font, “NORTHWESTERN.”

The Internet has vastly enhanced the power of corporations, not just because it allows them to communicate inexpensively with all parts of their production and marketing processes, but because it gives them a new ability which is now in its earliest stages. I am talking about the trend toward electronic banking. Banks already engage in wire transfers of money, but when corporations start doing it among themselves—bypassing banks in the process—the result will be to take monetary control out of the hands of governments. A nation-state will not much longer be able to block its currency or restrict capital movements. It is hard to exaggerate the immense loss of power that governments will experience when international monetary transfers are completely privatized.

Corporations are increasingly *outsourcing many of their functions and modes of production*. They regard themselves as being in the knowledge business, not the production business. In addition to advertising, which traditionally has been

placed through outside agents, outsourcing includes plants and factories, payroll, and most recently employees. Specialized companies with names like "Manpower," "Labor Ready," "Account Temps," "Billing Concepts," "Catalytica," "Data Processing Resources," "Staff Leasing," and "AccuStaff" now provide U.S. corporations with temporary employees who are ready to handle just about every function that the corporation used to provide. The more functions that corporations outsource, the less vulnerable they are to government regulation, unionization, seniority demands, and natural disasters.

The huge power and confined responsibility of multinational corporations lead to the speculation that they, and not necessarily States, may become the major warring antagonists of the future.

A corporation lives on profits. Although the path of least resistance toward profitability is raising prices, the obstacles on that path are competition and substitution by consumers of alternative goods or services.¹⁹ A corporation can do little about the "substitution effect," but it certainly can spend a great deal of its energy combatting competitors. The marketplace prefers that this "combat" take the form of increased productive efficiency. But it can also take the form of monopolization and destruction of the competitor. Destruction can be accomplished by predatory pricing (outlawed by U.S. antitrust statutes, but when we are talking globally, there is opportunity for predatory pricing in other countries who either do not have antitrust laws or enforce them laxly). Monopolization is the preferred route. A company receives a limited term monopoly for some important forms of intellectual property such as copyright and patents, and an unlimited term for others such as trademarks. Trade secrets in many countries receive forms of judicial protection. However, intellectual property is a benign form of monopolization, because it strikes a legal balance between rewards innovation and temporal limits on that innovation.

The more crude form of monopolization is by use of stealth and force. Industrial spying is big business. Manufacturing processes, trade secrets, and software engineering are some valuable industrial targets for corporate "intelligence" operations. However, we have not yet seen the overt use of force against competitors on any significant scale, even though recently there have been numerous accounts of specific assassinations of corporate executives and entrepreneurs in Russia and in some of the other States of the Commonwealth of Independent States.

What if someday corporations add military force to their outsourcing, and organizations spring up with names such as "Mercenaries, Inc.," "Battle Ready," "Armada Resources," "Guerrilla Temps," and "Spy Concepts"? These

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outfits would do dirty work for hire. One such organization already exists, although so far it refuses to be hired by private corporations and limits its services to governments. The organization, based in South Africa, is called "Executive Action."²⁰

Corporate "greed" and "rapacity" in the business "jungle" are part of everyday language. As business enterprises exceed governments in assets and power around the globe, will we begin to see forceful manifestations of these terms? The history of the British East India Company may shed some light on the matter. For two and a half centuries it enriched its stockholders, and its tariffs fueled the expansion of the British parliament from a small organization to a powerful central government.²¹ The company was founded on December 31, 1600, by a charter from Queen Elizabeth that gave it exclusive trading privileges with the East Indies. Apart from being allowed to arm its vessels, the company was barred from engaging in any forms of conquest or colonization. However, as the years passed, it increasingly got involved in the use of force. At first force was used defensively—against depredations from Portuguese and Dutch vessels and outposts in India and the Orient. But then, under the theory that the best defense is a strong offense, the British East India Company increasingly engaged in military campaigns, becoming a colonial arm of the British government until its entire absorption by that government in 1857. Perhaps if there had been no competition from Portugal and Holland the picture would have been a peaceful one of trade and enrichment. But competition is endemic in business. Standard economic theory says that "pure" competition forces prices down to the point where profits vanish entirely. Hence, competition is an ever-present threat to the continued existence of corporations.

The military clashes between the British and Dutch East India companies in the seventeenth and eighteenth centuries in Southeast Asia were made possible by the weakness of local governments in that area. Today, in most parts of the world, governments are still strong enough to deter corporations from resorting to armed force in the battle against their competitors. But as governments downsize and corporations become more powerful, the situation may change.

If the situation changes, will "international law" apply to intercorporate warfare? Or will there be a new "intercorporate law," analogous to international law? If such law arises, who will enforce it? Perhaps the largest multinational corporations will set up a global board of governors with enough power to prevent smaller competitors from using force, thus insulating themselves from competition. But the new law they promulgate and enforce

may not be informed, as international law is, by elementary notions of morality. International law reflects many moral norms (e.g., military humanitarian law, the laws of war, laws of state responsibility for torts, and the general principle of the equality of states), but perhaps that is because the nation-states that have generated that law are themselves the moral repositories of their citizens. Corporations, as I have mentioned, have no moral imperative; their goal is simply to make profits. Hence, a world intercorporate law may be morally barren, unequal in its application, dictated from above, and unchangeable from below. We could be heading toward world fascism. I hope I am wrong, but it doesn't hurt to be vigilant.

Notes

1. Japanese merchant marine tonnage declined (existing stocks plus new ships built minus losses on the high seas) moderately in 1941 and 1942, more steeply in 1943, and then precipitously in 1944 and 1945. TAKAFUSA, LECTURES ON MODERN JAPANESE ECONOMIC HISTORY 1926–1994, at 113, table 3.3 (1994).

2. PONTING, ARMAGEDDON 121–22 (1995).

3. The Doctrine of Comparative Advantage was suggested in the writings of Adam Smith and was articulated more fully by David Ricardo in 1817. The mathematics works roughly as follows. State P can produce rowboats and canoes more efficiently than Q can produce either one. Suppose P and Q utilize all their labor in producing just these two products. P can produce ten boats or five canoes a day utilizing all its labor. Q can produce six boats or one canoe a day. Since P is the more efficient producer both of boats and canoes, how can trade mutually benefit both P and Q? In the following way: Prudence owns one canoe in P. Within P, she can exchange her one canoe for two boats (because, within P, it costs twice as much to produce a canoe than a boat). She then travels to Q and exchanges her one canoe for six boats (because within Q, it costs six times as much to produce a canoe than a boat). With her six boats, she travels back to P, and exchanges the six boats for three canoes. Then she takes the three canoes back to Q, where she can exchange them for eighteen boats. Back to P, she exchanges her eighteen boats for nine canoes, and so on back and forth until Prudence is the richest person in both countries.

In practice, of course, this does not happen. Everyone will soon catch on to the international arbitrage that Prudence is practicing. Traders will export canoes from P into Q, and import boats from Q into P. Manufacturers in P will conclude that so long as trade is going on with Q, they will be better off producing only canoes. Conversely, manufacturers in Q will conclude that they are better off producing only boats. The canoe manufacturers in P and the boat manufacturers in Q will be producing at their own optimum efficiency; everyone in P and Q will be better off because the "price" of a canoe will stabilize at somewhere between two and six boats, and the "price" of a boat will stabilize at somewhere between one-half and one-sixth of a canoe. These prices will be better for the customers in both P and Q than the prices they would have had to pay if there was no international trade between P and Q. (Nothing changes in this example if we introduce money as an exchange mechanism.)

4. KRUGMAN, POP INTERNATIONALISM 91 (1996).

5. I am collapsing a lot of psychology here. It appears that our cerebral cortex, in an attempt to maintain verbal control over our actions, convinces *itself* (that is, convinces ourselves) that it,

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and not our baser emotions, is in command. We accept these rationalizations (indeed, we have no choice, because our own minds have furnished them). In fact, we are not in rational control of our actions and decisions, but we think we are. Now if we multiply this phenomenon by hundreds of thousands of minds within a State, and the "head" of government whips up mass emotions to resort to military force while at the same time providing verbal rationalizations for the need to do so, we have war hysteria that tends to sweep along even the most rational thinkers.

6. Crossette, *How to Fix a Crowded World: Add People*, N.Y. TIMES, Nov. 2, 1997, at sec. 4, p. 1.

7. See generally GEORGE & MEREDITH FRIEDMAN, *THE FUTURE OF WAR* (1996).

8. HUNTINGTON, *THE CLASH OF CIVILIZATIONS AND THE REMAKING OF WORLD ORDER* 45-47 (1996).

9. *Id.* at 313.

10. *Id.* at 316.

11. *Id.* at 45: "The term 'Sinic,' which has been used by many scholars, appropriately describes the common culture of China and the Chinese communities in Southeast Asia and elsewhere outside of China as well as the related cultures of Vietnam and Korea."

12. The approximation in the number of States is due to the difficulty of categorizing some entities as States, e.g., Vatican City, the Isle of Man, Puerto Rico.

13. Microsoft was founded in 1975.

14. *Barcelona Traction Case (Belg. v. Spain)*, 1970 I.C.J. 3.

15. Some U.S. tobacco companies have recently begun to move their main offices out of the United States in the face of increasing governmental regulation of cigarette smoking. Although they are still U.S. companies, it would not be surprising some day to find that they have been quietly phasing out their U.S. identity and abandoning their U.S. nationality.

16. Drucker, *The Global Economy and the Nation-State*, 76 FOREIGN AFFAIRS 159 (1997).

17. *Id.* at 168.

18. Some Japanese corporations have professed a responsibility to their employees' welfare even at the expense of profitability. But in the past few years, with the severe downturn in the Tokyo stock market, many of those same corporations are revisiting their policy of corporate benevolence. Globally, there are some corporations that have taken short-term losses to support some socially benevolent policies, but I know of no corporation (other than not-for-profit "corporations") that will accept a decline in long-term profitability in order to engage in a program of social welfare.

19. Where substitution is not possible, there is a "natural monopoly" that governments are quick to regulate, such as the provision of electricity, water, mail, and telephone service. However, the recent movement to deregulation has seen competition for the post office (the Netherlands has entirely privatized its post office, while other countries have developed private air courier services), a proliferation of competing telephone companies, and the beginning of other alternatives (bottled water, home generators).

20. This company was described on the CBS News show "Sixty Minutes" under the heading "Dogs of War," aired on June 1, 1997. For a transcript, contact CBS News, 524 West 57th Street, New York, NY 10019.

21. See generally LAWSON, *THE EAST INDIA COMPANY: A HISTORY* (1993).