An Economic Impact of War in Postponing Crises

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Introduction

During the crisis, an idea of a war to postpone crisis comes up. A reason for this expectation is an effect of the Second World War which is the one of the important factors to increase the profit rates after the big Crisis of 1929. For instance, after the Second World War, the military expenditures’ role in providing the stability is expressed through "the theory of permanent arms economy” or Ernest Mandel on the "Long Wave Theory" examines the effects of the Second World War and he states the importance of war in changing the downward movement of profit rates.

However, whether wars after the Second World War have the same effects is the subject of discussion. How do features of today’s wars differ from the Second World War? Today, do the wars have a role in realizing counteracting effects in crises? Is the war a solution to crises? Or do the wars can only affect an income distribution? Within the scope of such questions in this article, the role of the war in postponing the crises will be examined theoretically.

First, the definition of crisis will be made and the differences between long wave and business cycle will be examined. Then the impacts of military expenditures and of military industry will be studied. Finally, the historical transformation of wars and the economic effects of today’s wars’ will be analyzed theoretically.

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1 This article is based on of my unpublished PhD thesis.
A Problem in Capital Accumulation- The Crisis

A composition of capital is raised due to the competition to increase the productivity of labor, hence the average rate of profit falls and the crises of capital accumulation occur. The course of the profit rates varies depending on two ratios (the rate of plus value and the organic composition of capital) (Tonak, 2009: 32). The crisis is the blockage of the capital accumulation and a pause in an extended- reproduction process (Mandel, 2008: 321) and the same process is either an obstruction of capitalist reproduction, as well as a form of reproduction (Savran, 1988: 41). Grouping the factors written in Capital III., there are three opportunities (processes) of capital to postpone the crisis due to fall in the rate of profit. These forces counteracting the decline in the average rate of profit are (Moseley, 2006: 264):

a- Increasing profit per worker, i.e., increasing the rate of surplus value (absolute and relative exploitation),

b- Reducing the rate of non-productive labor to productive labor,

c- Reducing capital per worker, i.e., realizing a devalorization of capital.

a- The production of the surplus value can be made in two ways: The production of absolute surplus value is possible only by extending a working day; the production of relative surplus value depends on changes in a technical process and in a social composition (Marx, 2004: 485).
b- A labor is considered productive labor for the capitalist system only if it is a wage labor, if it produces surplus value and if it works in the production activity (Mohun, 2006: 61, 62). For this reason, in the capitalist system the ratio between the productive and non productive labor is effective on the rate of surplus value and on the rate of profit. 

c- The basic way to realize capital devalorization by decreasing capital per labor is the companies’ bankruptcies occurring due to the decreasing profits and due to the increasing debts. The devalorization of capital gives rise to increase in productivity by a separation of less productive capital from production through bankruptcies (Savran, 1988: 49). Firms that can continue their activities can purchase productive assets of bankrupted firms at very low prices and in this way a capital-investment per labor can decrease and the rate of profit can increase (Moseley, 2006: 265).

Marx indicates that the solutions to the current contradictions of the capital accumulation and of the crisis are temporary and based on a force and these solutions are violent eruptions that re-establish the impaired balance. Below it will be examined the opportunity of today’s wars to perform the above-mentioned effects.

Business Cycles and Long Waves

While dealing with the crisis of the capital accumulation, it’s important to indicate the differences between the long waves and the simple business cycles.

The business cycles are short-term fluctuations located in long waves and they reflect the rhythm of renewal of fixed capital. Industrial cycle’s length of life depends on the
mass renewal period of fixed capital (Mandel, 1986: 33). The long waves depend on the movement of average profit rates. A transition from an expansive long wave to opposite direction, to a depressive long wave (i.e. entering the crisis) is determined by the laws of motion of the capitalist mode of production and generally it takes place through a widespread usage of new production techniques which cause a fall in the average rate of profit due to reduction in price of new products (Mandel, 1986: 27, 77). However, for the opposite direction, there is no automatic inner logic of capitalism that can lead from a depressive long wave to expansive long-wave so to long term upsurge in the average rate of profit. Such process is not only the mechanisms of the inner functions of the capitalist mode of production. It’s also affected by factors outside of economics (Mandel, 1986: 27). Long waves, the capitalist development curve, is also affected by non-regular factors such as revolutions, wars, changes in technique, discovery of new natural resources, new countries added to the capitalist system and non-economic effects (Trocki, 2000 [1923]: 310).

The aim of the capitalist production system is a capital accumulation by increasing the production of surplus value. Therefore, the production of surplus value should be examined within the whole framework, taking into consideration such non-economic factors including also the wars.

The Role of the War on Postponing the Crisis

It’s possible to examine the subject dividing into two sub-headings. The first sub-heading is examining the economic effects of the war industry and of the military expenditures; the other sub-heading is examining the economic effects of war. Both of
these two sub-headings are a subject of discussion that is ongoing between the different perspectives.

**- Economic Impacts of Military Expenditures and of War Industry**

The effects of military expenditures and of war industry are a subject of discussion between the different crisis theories. Every crisis theory, in the context of explaining the factors underlying the crisis, interprets diversely the economic effects of military expenditures and of war industry. According to these theories;

- In theory in which the crisis is due to the rise of an organic composition of capital, military expenditures and war industry have a role in postponing the crisis according to their effects on organic composition of capital. Firstly, in the theory in question, the developments in production process can postpone the crisis, so that military expenditure’s role of creating demand has not direct impact in postponing the crisis. In this theory, military expenditures and war industry are analyzed according to their impacts on the organic composition of capital, on the surplus-value ratio and on the devalorization of capital.

- Cause of the crisis in the profit squeeze theory is squeezing part of the profit in national income due to the increase in wages. In this context, military expenditures’ and war industry’s effects to decrease wages are important. Especially, the social struggles and working conditions in war industry (unionization, strike, working hours etc...) are compared with the conditions of civilian sector.

- In the underconsumptionist theory, crisis arises from the lack of consumption. So, military expenditures and war industry both have role in postponing the crisis, depending
on their potential on increasing the demand. In this theory, domestic and foreign trade developments and distribution issues are especially important.

- In the theory in which crisis is arising from disproportionality among the various lines of production, the effect of war industry to civilian industries is particularly analyzed.

- According to the crisis theories discussed above, the crisis is caused by only one reason and each theory emphasizes the impact of military expenditures and of war industry in crisis in this context. But the crisis can be also explained by various causes and in this context the military expenditures and the war industry can postpone the crisis, depending on their effects both on production and consumption areas.

Studying the general scope of different crisis theories, the positive effects of military expenditures and of war industry can be classified as follows:

- Products of war industry do not enter the re-production process (like luxury goods), so that they are considered as a "leakage" from the economy. Thus, the organic composition of capital in war industry does not affect the organic composition of capital in civilian industries and does not increase the wages in general (Kidron, 1969b, Harman 1969 and Sweezy, 1970: 233);

- Military expenditures, the wasted resources and the planned production process in the war industry offer a solution to over-production (Baran, Sweezy, 1966: 87 and Kidron, 1969). In the monopoly capitalism, military expenditures have an important role in absorbing an economic surplus (Baran, Sweezy, 1966: 222-225);

- Technological developments in these areas increase productivity (Mandel, 1993: 292-293, 304 and 1968, vol.2: 522-524 and O'Connor, 1973: 113);
- Military expenditures and the war industry present a new area for capital accumulation and their structures aren’t affected by economic fluctuations (Luxemburg, 2004 [1913]: 349-357, and Georgiou, 1983: 188). Through the manufacturing agreements with the private sector, the military expenditures and the war industry increase demand in general and they have a positive effect in getting out of the recession (Baran, Sweezy, 1966: 213; Pivetti, 1992 and Dunne; Couloumb, 2008). Through a domino effect of international arms agreements with other countries, the military expenditures and the war industry can contribute to the economic recovery around the world (Kidron, 1967).

Unlike the views mentioned above, the negative effects of military expenditures and of war industry can be classified as follows:

- Because of the high organic composition of capital in the war industry, a contribution to employment is not possible in this sector (Kidron, 1967);

- Military expenditure isn’t a leakage from the economy, it’s a transfer between different sectors and it doesn’t decrease the organic composition of capital, rather it raises the organic composition of capital by spreading a technology to the civilian areas (spin-off effect) (Kidron, 1967);

- The sales of weapons are guaranteed by contracts before their production. So that it is not necessary to improve the technology in the war industry and the war industry remains behind in productivity compared with the civilian areas (Wright, 1988: 207, 208);

- The war industry and the military expenditures do not provide opportunities to increase the demand for consumer goods and they cannot offer a solution to the lack of
demand, if financing of these areas is made by taxing wages (Mandel, 1993: 280 to 281, Baran and Sweezy, 1966: Chapter 7 and Kidron 1969b).

In this context, military expenditures and war industry cannot contribute to postpone the crisis. Only investors in the related fields (military-industrial complexes) increase their profits. But this process accelerates a centralization of capital, which can create new contradictions in the capital accumulation process (Mann, 1987: 44; Shaw, 2002 and O'Connor, 1973: 150-151).

Within the framework of the theories stated above, military expenditures and war industry provide a contribution to postpone crises and to realize capital accumulation under the conditions listed below,

- if they increase the rate of surplus value,
- if they slow down the rise in organic composition of capital
- if they increase demand for consumer goods

For instance, to solve the realization problem, the organic composition of capital in war industry should be lower than other sectors’ organic composition (Mandel, 1993: 278) and also military expenditures and war industry should have a role in increasing the demand for consumer goods (Mandel, 1993: 281). An analyze of effects of military expenditures and of war industry in increasing the rate of surplus value and in decreasing the organic composition of capital, requires studying methods of financing of these areas and their impacts on wages (Gottheil, 1986. 568, 570; Riddell, 1986: 579 and Mandel, 1993: 285-289). However, there are different opinions on the effects of military expenditures and of war industry to these subjects:
To show the headings’ extensive discussion areas mentioned above, it is useful to analyze some basic views on the organic composition of capital in the war industry. For instance, according to Kidron (1969b), Harman (1969) and Sweezy (1970: 233), the war industry is capital-intensive. However, according to them the war industry doesn’t interact with civilian sectors and therefore the organic composition of capital in this sector doesn’t raise the general level of the organic composition of capital in other areas. On the contrary, according to Mandel (1993: 292-293, 304 and 1968, vol.2: 522-524) and to O’Connor (1973: 113) the high organic composition of capital in war industry spreads to other sectors (spin-off effect). According to Riddell (1986: 576), there are different modes of production in the war industry, so that it is not possible to generalize the level of organic composition of capital in this sector. As in the example of analyzing the composition of capital in the war industry, different aspects of the subject can be evaluated in different ways, so both positive and negative evaluation of the military expenditures and of the war industry are possible.

### B- Economic Effects of War

It is useful to start with analyzing the historical transformation of the wars for studying the economic impact of war. Here, the goal is to indicate especially differences between the Second World War and wars that took place between 1970 and 2000. Then the economic effects of today's war type will be analyzed.

b1) The wars throughout the history have received different names, such as “primitive war”, “ancient war”, “modern war” and finally “little war”. Industrial and scientific techniques used since the 1500s-style full-scale war, named as "modern war" and the
U.S. Civil War (1860-1865) is the first totally modern war. The most important example of the modern war is the Second World War. The new form of war is called as "little war" and it is not a full-scale war. It is lived by using computer, system analysis and simulations. The Vietnam War ended in 1975 is the first "little war" (Gray, 2000: 138-141, 149, 167, 200, 210, and Münkler, 2010: 46). Examined the transformation of the wars in general, the distinction between the modern wars which lasted until the 1970s and the little wars between 1970 and 2000, is a basic cause of a debate on wars’ economic effects.

Until the Cold War, countries and their armies faced regularly in wars, whereas during the Cold War blocks were in war and after the Cold War wars are lived mostly in less developed countries. While until the period of the Cold War, the wars around the world were full-scale battles, after 1970s the wars generally are civil-wars and they don’t have rules and standards; the fighting parties are irregular forces or mercenary soldiers; in these wars civilian death rates increase (civilian populations (the groups) fight for a variety of purposes); under the threat of usage of nuclear weapons these wars are limited and low-intensified (generally with light weapons). Due to the above mentioned format, a duration of the little wars are getting longer (Kaldor, 2006: 15 and Yalçınkaya, 2008: 337, 354, 357). In such wars usually there aren’t active roles of air forces. Rifles, rocket launchers, mortars and other light weapons were used instead of weapons of mass destruction (Yalçınkaya, 2008: 322, 336, 337). A result of a new war, instead of intensifying the military forces in time and in space, is determined depending on the distribution of them (Münkler, 2010: 27).
Unlike the modern wars, in the little wars there aren’t final battles and a conflict is seen rarely. The features of the little wars’ economy consist of high unemployment rates, high import ratio and decentralized governance (Münkler, 2010: 27, 28, 29). In modern wars all resources were used for war; prices, production, consumption and distribution issues were in the control of states. Unlike modern wars, such a total war economy is not used during the little wars and there is no need in post-war reconstruction activities because of a low destruction (Hobsbawn, 2003, 63; Kaldor, 2006: 10; Yalçınkaya, 2008: 304). In the little wars, military technological developments are acting in the direction of shortening the duration of the war, but conflicts with irregular armies and political influences are effective in prolonging the duration (Angstrom, 2005: 11; Hobsbawn, 2008: 8; Yalçınkaya, 2008: 357 and Giddens, 2008: 293). Instead of transferring a technology from war industry to civilian sectors, civil sectors provide R & D supports to war industry (Mackenzie, 1983: 48-49; Frantzen, 1990: 54 and Dunne, Coulomb, 2008). Through technological advances the little wars spread to larger areas (Yalçınkaya, 2008: 336). The little wars are becoming less controllable and less rational taking into consideration an atomic bomb. Due to the danger of using the atomic bomb, weapons with high destroying capacity are not used in little wars. In their place the political process is getting more important in the little wars (Giddens, 208: 427, 430). In this context the Second World War, a modern war, is considered to have a role in increasing the profit rates; while the effects of little wars in postponing crises are the subjects of discussion.

To supports the theory, the war data prepared by Correlates of War (COW) and by the Uppsala Conflict Data Program (UCDP) are also analyzed. Accordingly, a total of 158
Wars occurred between the years 1970 and 2000. 128 of 158 wars are intra-state wars (civil wars), 26 wars are inter-state wars and 4 wars are between non-state actors. 23% of all wars are lasted only one year, while the remaining 77% of all wars lasted more than one year. 16% of fighting states are developed countries\(^2\) and the remaining 84% are underdeveloped countries. So in making the analysis of the little wars’ (wars between the years 1970 and 2000) economic effects, it is important to consider their general features: in little wars parties are less-developed countries, most of the little wars are civil wars and the little war has low-intensity but long duration.

b2) The debate on the economic effects of the little wars is based on a content, on a purpose and also on an operational mechanism of the current war, which are differentiated from those of the old wars (primitive, ancient and modern wars). Most of the little wars are turning into low-intensity archaic forms of war because of an utilization of light weapons. There's no need for a military education to use such weapons, there is no need also for regular army, so that the cost of the war is decreasing. On the other hand in the little wars, a computer technology is used for the management of battles, which increases the cost of the war (Münkler, 2010: 48-49, 126). As seen in the example of the war’s cost, the conflicts between the capitalist mode of production after 1970s and the features of the little wars with their complex nature are major causes of the discussion on the little wars’ economic roles.

Views supporting the positive effects of little wars in postponing the crisis, are usually based on the underconsumptionist crisis theory. Whereas, a different view is

\(^2\) The first 20 countries, from countries which constitute the 80% of the world GDP, are grouped as developed countries
emerging if the economic effects of the little wars are analyzed according to their contribution in counteracting possibilities to crisis. First, the views supporting the little war’s economic effects will be stated below.

According to the views stressing the positive impact of the war on the capital accumulation, the little war does not create a solution to the general contradictions of the capitalist system, but wars can create possibilities of generating profit for an individual investor (capitalist). Accordingly, the permanent arms economy can offer only the short-term and conflicting solutions to the problems of the capitalist system (Coulomb; Bellias, 2008: 358). The little wars are not rational in ensuring continuity of the capitalist system but they have still rationality for an individual capitalist. In the little wars, the duration and the methods of wars are independent from governments’ policies. The war itself, without any restriction of a political control and of an economic life has become a part of the economic life. In this context, in the little wars private actors such as local warlords, guerrilla groups, military companies, mercenaries, international organizations have taken place of the states and the little war creates a profitable field of activity for them. The current circumstances there were also before the little wars, but unlike other types of wars, today they become a focal point and a goal for most of the little wars (Münkler, 2010: 11, 45-46, 78). Thus, for an individual capitalist who during the war years founds more opportunity for accumulation of capital than other investors, the war is rational due to the provided possibility of enrichment.

Without taking into consideration the new form of wars and thinking it still as a modern war, Mandel (1986: 97-106) presents his analysis. According to Mandel in the deepening crisis, the increase in productivity cannot compensate the development in the
trend of the organic composition of capital, so the crisis will continue. As the example of the Second World War, after 1970s wars have again positive roles in a capital accumulation in increasing the profit rates during the depressive phase of last long wave. The war is expressed as a regulator and as a "single adaptive devastating". Mandel (1993: 278, 285) also states that during the late capitalism the war industry and the military expenditures can contribute to the capital accumulation through low wages and labor-intensive working conditions which are possible during wars.

According to the underconsumptionist theory, a 2007/2009 Crisis, the most comprehensive crisis since the 1929 crisis, is caused by problems related to the underconsumption during a financialisation process and the question of a war in postponing the crisis is still on the agenda. According to this theory, wars can contribute to solve problems arising in crisis, through terminating old institutions, old technologies and old modes of capital accumulation (Yeldan, 2009a: 14).

But analyzing the relationships between the characteristics of the little wars and the counteracting processes in crisis (a production of surplus value, increasing the share of productive labor and decreasing the organic composition of capital), in contrast to the opinions stating the positive effects of wars, the little wars don’t have positive roles in postponing crisis. As stated above, between 1970 and 2000 the long wave is in depressive phase in which the average profit rates are decreasing. So it is possible to say that little wars could not contribute to increase the profit rates in this period. The causes of this fact will be interpreted below taking into consideration the characteristics of the little wars.

The production of surplus value is possible through the wars only if resources not used before the war are used because of the war. In this context, if the exploitation and
the employment rate rise during and after the war, wars can contribute to increase surplus value. Otherwise without the production of surplus value, the war only affects a distribution of resources used and a transfer of the existing surplus value (Pala, 2005: 213).

In this context, the destruction caused by war is emphasized to provide opportunities for the increasing production in post-war period (Grant, 1960). The high level of destruction of the war is a prerequisite for increasing the production and thus for the production of surplus value after the war. An increase in production during the Second World War, was due to meet the needs of the war, including primarily a production of a large number of weapons. For example, oil derivatives were used for all weapon systems in the Second World War. A drilling, an oil refining, a transportation of products to a battlefront and an activities in the factories are some of the important examples that show a massive increase in production during the Second World War (Friedman, 2009: 235-236). After the War, an increase in production has continued through the spread of the technologies of war industry to civilian areas. But during the little wars the fact in question is differentiated. After the end of the full-scale wars, in the little wars, mass production for war is decreased in times of war. High-tech weapons increase the efficiency of soldiers and reduce the number of troops needed. Also having a data stream about the enemy’s important places through advances in computer and in communication technologies, and the growing capabilities of weapons in hitting, reduce the need for other inputs in production and in destruction. So that during the little wars the waste of raw materials decreases, the products’ dimensions reduce and the inventory and shipping activities/costs reduce (Friedman, 2009: 238; Toffler and Toffler, 1994: 66-67, 70, 71).
Through these developments, during the little wars there is no need to transform the production in the civilian sectors to meet the needs of a war and the civil-production areas continue to make their usually activities. Therefore during the wars there isn’t an additional increase in production of surplus value. On the contrary, the little wars are a slow and long-lasting form of warfare in which there is a continuous consumption of the forces (Münkler, 2010: 79).

According to the underconsumptionist theory, the solution of crisis is based on increasing the restricted consumption, so increasing the demand. However, in the second half of the 20th century did not remain any non-capitalist markets. Except some notable wars, cross-border military conquests are over. Internal wars have increased their share in total wars (Tilly, 2001: 338). For these reasons, the war cannot create new markets, only the pre-shared distribution of the market changes again. So wars have an effect on inflation, on relative prices between countries and on income distribution. During the little wars a market competition among the countries is in question. During the wars, a part of the world bourgeoisie is getting periodically rich while another part is getting poor (Mandel, 2008: 126, 447-448 and Nitzan, Biche, 2006: 14). Thus, capitalist system taken as a whole around the world, through the wars the new demand opportunities is not created for the system. In the same way, during the wars an industry's profit rate can improve only as a result of loss of another industry (Cliff, 1948). In general the wars provide profit to sectors operating in post-war reconstruction fields (Pala, 2005: 208). Also in the war, the high profits may occur as a result of the speculative movements of capital. Consequently during the war, distributional relations develop between capitalists in trade sector and capitalists in financial sector (Bukharin, 1971 [1920]: 35-36). This
situation doesn’t show the production of a new surplus value but it shows the distribution of an existing surplus value. As well as the transfer of surplus value between the sectors, victorious country's income in the war increase against a decrease in the defeat country's income, so again only a transfer is in question (Cliff, 1948). Therefore, during the war the existing surplus values change hands and that is the process of profit transfer. As the wars don’t increase the production of surplus value, wars cannot postpone the capital accumulation crisis. After the 1970s a new technological revolution (the fourth technological revolution) to increase the surplus value has not realized and the existing technology has a limit in labor force exploitation. These facts support the relatively low level of surplus value production in the little wars.

The production of surplus value decreases in times of war because a war absorbs a large part of the labor force as a soldier and the soldiers do not produce surplus value (Bukharin, 1971 [1920]: 45). If a specialized labor is concerned, a loss of surplus value is more clearly seen. Because through the specialization an increase in productivity and a drop in wages can lower the cost of manufacturing process (O'Connor, 1975: 326). Therefore, in sectors in which there’s a loss of specialized workers due to wars, wages can increase and productivity can decrease, consequently the rates of profit decrease.

In the little war period the information technologies are not produced in the war industry, they are bought from the developed capitalist countries’ civil-private firms through privatization, internationalization of production and the foreign trade (Dunne and Surry, 2006: 394, 398-399). Thus the war industry and the private sector operate in the same fields, and this situation increases the competition on resources. After 1980s the technological developments in the production of weapons cannot be used in civilian
sector, so the war industry’s "spin-off” effect has become questionable (Mackenzie, 1983: 48 - 49, Frantzen, 1990: 54 and Dunne, Coulomb, 2008). The little war’s nature of using light weapons and a high level of the organic composition of capital in war industry, show the contradictions of little wars’ economic effects.

According to above mentioned framework in the little wars, countries in which there’s an over-accumulation of capital, make wars within the borders of other countries and help to destroyed countries lending them post-war credits and in this way the little wars contribute to such countries in acquiring the international surplus value (Carchedi, 2002a). Such transfer of the existing surplus value arises due to the distribution between different capitalist groups and also due to a struggle between classes (Pala, 2005: 213). The little wars, not providing the increase of surplus value in the entire capitalist system, affect only the distribution of it.

The wars can contribute to the devalorization of capital also destroying it physically. (Mandel, 1993: 288). In this context, war increases the devalorization of capital through the physical destruction of factories, of machineries and of infrastructures. If the destructed capital is composed by the old and the low productive factors of production, the destroying process causes both physical and financial devalorization. But unlike the Second World War, the little wars’ role in capital devalorization is not seen so effective.

During the Second World War were used weapons and bombs with a low hit rate. In a full-scale war such as in the Second World War there is no civil-military separation and everything has become a legitimate target. For these reasons, to win the Second World War, a mass destruction of both the population and the infrastructures of the enemy had been required. Winning wars at low cost and without damaging their own nation, explain
logic behind the atomic bomb. In the little wars, the opportunity of weapons to hit more precisely is increased due to technological improvements in weapons and due to the adequate data and news obtained by space surveillance systems. Thus, the exact hit, a minimum destruction and an environmental damage can be obtained in wars. As a result, during the little wars for the destruction of a single target is no longer required the destruction of the enemy’s entire cities (Friedman, 2009: 235-239 and Toffler and Toffler, 1994: 40, 56, 65, 99). The post-1970 period is the period of the little wars in which the mass destruction of modern warfare is ended and war bombardments in battles are decreasing. The low-damage characteristic of little wars is the most important factor in analyzing the devalorization of capital through the wars. So the risk of nuclear war has caused low-intensity and long-lasting wars lived between non-state actors. At the end of the 20th century instead of using a word of “war” is used the concept of "armed conflict" (Yalçınkaya, 2008: 29, 249). The little wars that are generally small-scale and regional wars with limited scopes, cannot contribute to realize a full devalorization of fixed capital in general to provide solutions to the crisis of a capital accumulation (IBRP, 2005).

**Conclusion**

According to some theorists the economic effects of a possible war are expressed as one of the important factors to postpone the crisis. Therefore, it is important to understand and analyze theoretically the large economic impacts that wars may cause.

The crisis of accumulation of capital is caused by the law of tendency of the profit rate to fall due to the rising organic composition of capital. Therefore wars’ economic effects can have a role in postponing the crisis only if they can contribute to the
production of surplus value (increasing the rate of surplus value), to increase the portion of productive labor and to realize the devalorization of capital. If there’s a worldwide war to contribute to such processes, it can help to increase the average rate of profit, so it can have a role in entering the phase of an expansionist long wave. Local wars can have a role in the process of business cycles and wars that cannot affect the long wave or the business cycle, can have a role only in changing the redistribution of income by transferring the existing surplus value between capitalists. In such a way through the wars, “war lords” (especially arms merchants) appear.

Since 1970s has not been occurred a long-term sharp increase in the average rate of profit so from that time the depressive phase of a final long wave continues. Given this situation and analyzed the characteristics of the little wars, after 1970s the wars’ functions in postponing the crisis are thought to be low. Unlike the Second World War, the little war which is the war type lived after 1970s, cannot provide a solution to the contradictions of the capitalist system.

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