

## Unit V 23: Economy and democracy

### 1. Summary

Whether economies develop better in democratic systems than in dictatorships remains controversial to this day. Countries such as China seem to indicate rather the opposite. In contrast, for example, A. Sen (2003) that only democratic freedoms can prevent the economy from serious undesirable developments. Economic considerations have generally been secondary to the outbreak or initiation of war. In no case is it true that transnational economic interests have prevented wars.

### 2. On the connection between the economy and democracy

Max Otte (2006:52), one of the few economists who predicted the economic crisis of 2008/2009, wrote on the connection between economics and politics: "Economics is always political. And international society, despite all its institutions, is ultimately an anarchic one in which individual nations try to assert their interests. ... The leading power sets the rules for the world economy and guarantees them - by force if necessary" (Otte 2006:52). As soon as major political rivalries emerge among the leading economic powers, crises - both political and economic - are likely to develop.

Amartya Sen (2003) vehemently argued that economies develop more successfully in democracies than in dictatorships. Thus Sen (2003:68) asserts "that famines do not occur in democracies. In a democratic country, however poor it may be, there has never been a famine." He reasons that, provided the political will exists, "famines are easily averted, and governments in a multiparty democracy with free elections and uncensored media follow strong political incentives to prevent famine. This demonstrates that political freedom in the form of democratic institutions safeguards economic freedom (especially the freedom not to starve) and the freedom to survive (not to become a victim of famine)" (Sen 2003:69).

Sen (2003:67) comments on the relationship between newborn life expectancy trends and economic growth as follows: "... the decades of surging life expectancy [coincided] with

periods of slow growth in gross national product. One could, of course, hypothesize that the growth of the gross national product affected life expectancy with a time lag of ten years. But this assumption ... would not stand up to other critical scrutiny, such as analysis of possible causal processes. A much more convincing explanation for the rapid increase in life expectancy in the United Kingdom is provided by the change in attitudes toward sharing in solidarity during the war decades and the associated increase in public approval of social benefits (including nutrition programs and health promotion). Studies of the health and other living conditions of the wartime population, as well as their association with social attitudes and public institutions, shed clear light on these differences" (Sen 2003:67).

Sen (2003:182) argues "that the intensity of economic needs **increases**, rather than decreases, the urgency of political freedom. There are three distinct considerations that lead us to the general primacy of basic liberties:

1. Their **immediate** importance for human life, since they are linked to basic opportunities for realization, political and social participation included;
2. their **instrumental** role, as they increase people's ability to make their voices heard and support their claims to political attention, including claims to economic needs;
3. their **constructive** role in the conceptualization of 'needs' (including the understanding of 'economic needs' in their respective social contexts)" (Sen 2003:182).

Opposition to linking democratic rights and economic development comes from three directions:

- Some argue that political freedoms are an impediment to economic growth. This opinion - also known as the Lee thesis (cf. ► Unit E 6: "Ethical criteria for a just economy") - has never been empirically proven, according to Sen.
- Another argument put forward is that the poor wanted to satisfy their economic needs first before desiring democratic rights ("the stomach comes before democracy"). Sen (2003:183) comments that it is not so much a question of what people choose-that is, political rights or satisfaction of economic needs-but why. For if the prioritization of economic need satisfaction over political rights were true, then

- according to Sen - the majority would reject democracy, which is obviously not the case.
- A third line of argument points out that valuing individual personal freedom is a typically "Western" view, which would contradict "Asian" values such as conformity thinking or collective solidarity. This line of argument is countered by the fact that there is indeed a global movement for (individual) human rights and political freedoms, even in countries with "Asian" values. Moreover, the impact of open and public dialogue on social and political problems is often underestimated: "If, for example, in Kerala or Tamil Nadu, the view that a happy family in the modern age is a small family has prevailed, this is due to numerous discussions and debates" (Sen 2003:188). For example, the birth rate in Kerala at the beginning of the 21st century was 1.7, about the same as in England or France and lower than in China, which was still 1.9 despite its extremely restrictive and rigid family planning policies.

But how has democracy developed worldwide? In 1974, there were only just 39 democracies in the world. These comprised just 27% of the then independent states, or 22% of all states with more than 1 million people (Linz 2009:XXXIX). By 1998, the number of democracies had increased to 117, which meant that democratic states comprised 61% of all countries (Linz 2009:XXXIX). However, only 82 or 62% of 117 formal democracies were considered "free" in 1997. In contrast, 93 countries had experienced a decline in freedoms (Linz 2009:XXXIX). Thus, while the economic takeoff had led to an increase in formal democracies, in many countries the extent of democracy decreased.

There has been a decades-long debate about what is meant by democracy and what role elites should play in it. Joseph Schumpeter (1961:242; cited in Bachrach 2010:9) defined democracy as "a political method ... for arriving at political decisions in which individuals gain power by means of competition for the votes of the population". And further on, Schumpeter (1961:285, quoted after Bachrach 2010:9) writes: "Democracy means only that the people have the possibility of accepting or rejecting the people who govern them". For Himmelmann (2007:44, cited in Veith 2010:150), democracy is "a conscious commitment to public affairs and a willingness to take personal responsibility in personal decision-making." Thus, democracy is more than just a political form of order of a state. Democracy is "a

specific form of human, social and political cooperation" (Himmelmann 2007:8, cited in Veith 2010:150). Thus, democracy is a never-ending process of learning and negotiation and a kind of institutionalized conflict regulation.

A whole series of studies on elections and voting show that the majority of the population is politically apathetic and does not participate in political activities (Bachrach 2010:10). Many political theorists, especially in the 1960s and 1970s-such as Harold Lasswell and Robert Dahl in the United States, Raymond Aron in France, John Plamenatz in England, and Giovanni Sartori in Italy-have argued that the dominance of political elites in no way undermines or threatens democracy. Unlike dictatorships-where a single political elite holds power-in democracies, several political elites compete for power. In the process, the various political elites take different positions on current issues of the day (cf. Bachrach 2010:10). However, the concept of elite has never been very popular among democrats - fascist and Nazi theorists had too strongly instrumentalized this concept to legitimize their rule. However, if one uses the term elite in a purely descriptive and classificatory - and not normative - way, it refers to those individuals or groups who occupy high and highest positions in a society. According to Bachrach (2010:14), there are very different elites, for example in the economy, in education or in politics.

In contrast, opponents of the elite theory criticized that it grants citizens only a passive role as an object of political activity (Walker 2010:75). The only way to influence political events, they argue, is through participation in national elections. Thus, classical democratic theory loses much of its vitality. According to its opponents, the elite theory leads to political passivity, loss of political vision, and the phenomenon of the "silent majority." Therefore, the system of indirect democracy widely used today leads to the suppression and control of internal conflicts (Walker 2010:79). Accordingly, the proponents of elite theory see people as politically passive and uncreative - democratic mass movements are seen as irrational outbursts of anti-democratic energies. Withdrawal from politics and confinement to private problems are thus preprogrammed. Social and political movements-especially among the lower classes-are seen as anti-democratic and dangerous and as a basis for populist politicians.

In recent years, **two factors** in particular have shaped the development of democracy: increasing **globalization** on the one hand and the **mediatization** of decision-making processes on the other.

On the one hand, more and more relevant and binding decisions are made in international organizations such as the International Monetary Fund, the World Trade Organization and the EU without being subject to democratic control - be it parliamentary decisions or referendums. As Kriesi/Rosteck (in Die Volkswirtschaft 1-2/2011:57) note, "These [supranational institutions], however, are hardly democratically legitimized, as their decision-makers are not directly elected or indirectly dependent on elected national representatives. Thus, one of the most important basic requirements of democracy no longer exists: the legitimacy of the decision-makers by those affected by the decision."

On the other hand, democracies are increasingly confronted with media that are no longer ideologically or party-politically oriented, but rather follow the laws of their (demand) market to an ever greater extent due to increasing commercialization. The media are increasingly setting their own agenda and thus becoming political actors themselves. Conversely, politicians have to submit much more to the rules of the media, i.e., react to current news, take up topics set by the media and polarize more personally. None of this is conducive to the democratic process; indeed, it can even help media moguls to power, such as Berlusconi in Italy. These are subject to the temptation to increasingly evade the democratic rules of the game.

A particular problem for the economy, especially in democracies, is the growing number of laws. For example, the number of laws in the EU - but also in sTates like the USA - has been growing steadily since 1973 (cf. Leuschel/Vogt 2009:187).

While 20 years ago the vast majority of economists assumed that economic development and democracy were mutually beneficial, many scholars today are no longer so sure. In particular, the development-promoting effect of democracy is today judged controversially in the scientific community (cf. Fuster in Neue Zürcher Zeitung of 21.11.2013). Especially in the Eastern European region, it has become apparent that the convergence process of

economic development and democratization has stalled (cf. Fuster in Neue Zürcher Zeitung of 21.11.2013). The European Bank for Reconstruction and Development (EBRD), which was founded in 1991 precisely to promote these convergence processes, attributes the divergence of economic development (and democracy), among other things, to the fact that although economic development leads to an increase in democracy, it does so as a "diminishing marginal return." To be sure, the risk of democratic setbacks is lower in emerging economies than elsewhere (see Fuster in Neue Zürcher Zeitung, Nov. 21, 2013). But democratic progress in countries with large natural resources - e.g. oil - is significantly lower than the great wealth would suggest, among other things because the raw materials are often monopolized and benefit only a small population group. This is true, for example, of Russia and Central Asian countries. According to the EBRD, the development and promotion of a broad middle class and better education for all are crucial for the convergence of the economy and democracy.

## **2.1 On the question of the state**

The state plays an important but controversial role in a free market economy. While neoliberal and monetarist thinkers would like to reduce the role of the state to an absolute minimum, Keynesians and social democrats see the state as a means to regulate and, if necessary, correct the market.

In this context, the specific areas of responsibility of the state pose important questions for the administration, as well as for politicians and economists, especially about where state responsibilities end and where the market or private enterprise should begin or start. On September 13, 2006, the Swiss Federal Council approved a "Report on the Outsourcing and Governance of Federal Tasks (CG Report), which attracted attention far beyond Swiss federal politics (see Elsener in Die Volkswirtschaft 6-2012:4). The report listed five criteria for whether and to what extent an area of activity should or should not be outsourced. An area of activity is all the more suitable for outsourcing to the private sector,

1. the less sovereign it is, i.e., the less it interferes with the rights of private individuals and companies;

2. the less it requires government control and the more it is regulated by the market, or the less it is financed with public funds;
3. the less the area of activity needs to be coordinated with other core tasks of the administration (i.e., little influence in ongoing decision-making processes of the executive branch or not a cross-cutting task of the administration);
4. the greater its marketability, i.e. the sooner its services can achieve cost-covering prices on the market as private goods (marketability); as well as
5. the greater its need for independence, e.g. with regard to visibility and identifiability of the service provider (cf. Elsener in Die Volkswirtschaft 6-2012:5).

Accordingly, four groups of tasks can be distinguished - ideally:

- **Ministerial tasks** that require a high degree of democratic legitimacy (e.g., policy preparation, sovereign tasks in the justice and security sectors),
- **Services with a monopoly character:** Although they can generally be offered close to the market, they can sometimes lead to misprovision in the event of market failure, which is why political control is essential,
- **Services on the market:** The focus here is usually on a minimum level of supply, which is or can be provided via the market (e.g., postal services) and can be secured by appropriate legal regulations. In this area, according to Elsener (in die Volkswirtschaft 6-2012:5), outsourcing is an obvious option,
- **Tasks of economic and security supervision:** Although these tasks are distinctly sovereign, they must be performed independently of political influence (e.g. financial market supervision).

In principle, the services provided by the state can be too comprehensive (state monopolies in economically problematic areas) or the state can withdraw to too narrow a sphere of activity (neo-liberalism). The ideal probably lies somewhere in the middle. To make matters worse, depending on one's political location, one or the other position is overemphasized in each case (for a detailed discussion of the political understanding of the state, cf. ► Unit D 15: "Human Rights, Fundamental Rights, and the Constitutional State" and ► Unit D 17: "The Modern Liberal and Secular State").

The so-called Economic Freedom Index of the Canadian Frazer Institute calculates the extent to which richer countries are freer and freer countries are richer. On the basis of 42 variables, among others the legal security, the protection of property rights, the extent of regulations, the size of the state or the state share in the economy (assumption: the larger the state share and the larger the redistribution, the more economically unfree the individual is - an assumption, however, which is to be questioned!), the monetary stability and the freedom of trade (cf. Neue Zürcher Zeitung of 19.9.2013). One could also say that this index measures the (economic) liberality of a country. At the top of the ranking were Hong Kong, Singapore, New Zealand and Switzerland, at the bottom countries such as China, India, Russia and Brazil (cf. Neue Zürcher Zeitung of 19.9.2013).

However, one can doubt whether Hong Kong and Singapore are ideal examples of freedom - even for economic ones! According to this index, Portugal, Spain, Greece and Italy have deteriorated massively between 2000 and 2011, the latter from rank 34 to rank 83. The USA has also fallen from rank 2 in 2000 to rank 17 in 2011, among other things as a result of additional regulations and due to the fight against terrorism (cf. Neue Zürcher Zeitung of 19.9.2013).

In recent years - and especially after 9/11 - the surveillance function of the state has been expanded to immeasurable proportions in many countries. In 2013, for example, the affair surrounding NSA employee Edward Snowden made public the practice of many intelligence services with the "I-store-everything" approach ("full take"). Ilija Trojanow (in Neue Zürcher Zeitung, 2.8.2013) speaks, not without reason, of a paradigm shift: "... the consequences of this development for society as a whole continue to be given too little thought. Before our blindfolded eyes, a paradigm shift has taken place that questions the self-understanding of our social values". In this context - according to Trojanow (in Neue Zürcher Zeitung, Aug. 2, 2013) - there is a frightening interplay of undemocratic attitudes on the part of many politicians and a "rampant suspiciousness and carelessness on the part of many citizens." A former department head of the GDR's State Security, for example, expressed horror at the extent of surveillance: "It is extremely naive to believe that collected information will not be used in the future. This is due to the nature of the secret services. There is no other way to protect people's privacy than not to allow the government to collect such information"

(quoted by Trojanow in Neue Zürcher Zeitung, 2.8.2013). In addition, intelligence agencies always tend to expand their activities on their own authority. In the USA, for example, there have been dozens of known cases in recent decades where the powers of agents of the CIA, the FBI and the NSA have been extended without legal basis (cf. Trojanow in Neue Zürcher Zeitung of 2.8.2013). Under this practice not only the social life and social fabric suffers, but more and more also the economy. How is a free market and free competition supposed to function if domestic and foreign secret services can intercept, store and control all business traffic via telephone, e-mail and Internet?

## 2.2 Social movements

History shows that social and economic improvements - such as the introduction of universal voting rights in Switzerland for all, the social protection of employees through social insurance, the equality of men and women (at least laid down in law), etc. - have almost always been the result of social or political movements, i.e. pressure from below or from individual population groups.

Eder (1995:274ff) assumes that the increase of communicative power in modern societies is accompanied by a "permanent conflictualization of issues through social movements." This leads to an increasing "denationalization" of society: "This denationalization not only relativizes the primacy of political administration, but also means a departure from the well-secured space of liberties secured by the rule of law. The politically institutionalized opinion- and will-forming process is replaced by a fluid field of conflictual communicative structures through which society reproduces itself" (Eder 1995:274). As the state monopoly on solving the problem of order disintegrates, a social structure emerges that is neither society nor state. This gives rise to **the idea of a public space and a political public sphere that is central** to modernity. This public space begins to structure itself. Different interests and issues lead to competitive situations and conflicts. "And the more social groups participate in this competition for the definition of relevant topics, the more the public space is extended. A social field of self-controlling communicative disputes emerges" (Eder 1995:275).

This public space and the social movements active in it lead to a number of social consequences:

- Through targeted norm violations, counter-experiments, contrary positions and through the provision of identificatory offerings, there is a "moralization" of contentious issues - supported and dramatized by the media.
- This results in new learning processes, but also in new disputes and lines of conflict.
- Sooner or later, these learning processes are reflected in changed or new institutions.

The weight of public opinion cannot be ignored by any business leader for long. This is evident in two ways: On the one hand, public opinion has the power, through political processes, to enact new laws or regulations that business leaders must follow - e.g., specific taxation of exorbitant bonuses for managers, as the United Kingdom has done in the aftermath of the economic crisis. On the other hand, the public often represents the feelings of a company's customers, whose opinions and needs no company can afford to ignore.

### **2.3 Business and war - a contradiction?**

In 1910, Norman Angell's book: *The Great Illusion* was first published in German under the title "Die falsche Rechnung". Many people in Europe before World War I believed in Angell's thesis that war was virtually impossible. The chairman of the War Committee in London, Viscount Esher lectured at Cambridge and at the Sorbonne on Angell's concept: "The new economic factors ... clearly prove the folly of wars of aggression" (quoted in Bonner/Wigging 2006:182). No one would start wars because they caused "economic devastation, financial ruin, and individual suffering" on such a scale that no rational person could want such a thing. Angell believed that modern economies were based on internal and external trade, and that economic production and thus wealth were no longer concentrated in one country but in international business, trade and economic relations (cf. Bonner/Wiggin 2006:181). Today we would say that, as a result of increasing globalization and economic interdependence, international war was neither sensible nor likely. Unfortunately, this argument was and is neither valid then nor now. On the one hand, economic interests are never homogeneous, i.e. equally distributed among all actors. There are always people or companies who profit from acts of war - whether economically or politically. If these war

profiteers gain decisive influence in politics, war can be unleashed at any time. On the other hand, war is usually not or only partly started for rational reasons - much more often war is a mixture of political, economic or ideological interests and goals, of world views, of sensitivities and emotions, which are processed and conveyed by the media. The American invasion of Iraq in 2003, for example, was based on a double lie: Saddam Hussein did not in fact possess weapons of mass destruction, nor was he a sponsor of the Islamist terrorist network al-Qaeda. Both were alleged by the American and British governments - probably against their better judgment. And to this day, neither the U.S. nor British governments have apologized for these lies and the war suffering that resulted.

On the other hand, the 2014/2015 war in eastern Ukraine between pro-Russian - and Russian militarily supported - separatists and pro-Western government hardly seems to be rationally justifiable, unless one sees Great Russian and chauvinist nationalism as an expansionist foreign policy motivated by "rational" interests - which is apparently how it is seen on the part of the Russian government. Warlike developments have their own logic - and if this logic only consists in destroying economic or cultural values only in order to harm the opponent, as for example by bombing infrastructure facilities or destroying the cultural world heritage in the war of the Western-Arab alliance against the Islamic State (IS) in Syria and Iraq in 2014/2015.

The horrendous costs of wars have also never deterred people from attacking another country. For example, the U.S. entry into World War I led to a more than twenty-fold increase in U.S. government spending (see Bonner/Wiggin 2006:219).

Harold James (2005:69) has rightly pointed out that no war of the 20th century could be financed solely from the tax revenues of the country concerned. In all countries, the conduct of the war was financed predominantly by loans, either through bond issues (war bonds) or - as financial resources became increasingly scarce with the duration of the war - through the short-term issuance of treasury bills. Virtually all states were heavily indebted after the war. Thus, after World War I, the debt burden of the Russian Empire had quadrupled, that of Italy and France quintupled, that of Germany eightfold and that of Great Britain elevenfold. In the

United States, which had known very little debt before World War I, the debt increased nineteenfold by the end of the war (James 2005:69/70).

Many countries-including the United States-are known to have not infrequently provided loans and financial support to both belligerents in wars. For example, the Nya Committee of the U.S. Congress found that between 1915 and April 1917, the United States had granted loans to Germany in the amount of US\$27 million (US\$470 million in today's money, adjusted for inflation) and to Great Britain and its allies as much as US\$2.3 billion (US\$40 billion in today's money, adjusted for inflation) (Bonner/Wiggin 2006:192).

After the victory of the Franco-Prussian War in 1871, Germany had created a war chest of 120 million gold marks from French reparations payments. By the eve of World War I, this had become 240 million gold marks (Bonner/Wiggin 2006:189). Although this represented a considerable sum, it was disproportionate to the effective costs of the war. In 1913, for example, the Reichsbank estimated the costs of mobilization alone - not to mention the losses during the war - at 1800 million marks. In fact, 2047 million marks had already been spent by August 1914, and the war had only just begun.

That war decisions had little to do with rational or economic considerations is shown, for example, by the following statement by Winston Churchill, who wrote in a letter to his wife on July 28, 1914: "Everything is leaning toward catastrophe and collapse. I am curious, exhilarated and happy" (quoted from Bonner/Wiggin 2006:193). In 1914, a tremendous surge of enthusiasm for the war swept through Europe. Something new, something great seemed to be in the offing: "Strangers spoke to each other in the street, people who had avoided each other for years shook hands, animated faces were seen everywhere," wrote Stefan Zweig (quoted from Bonner/Wiggin 2006:193). "Each individual experienced an increase in his ego, he was no longer the isolated person of before, he was enmeshed in a mass, he was Volks, and his person, the otherwise disregarded person had acquired a meaning."

## 2.4 Discourse ethics as an approach for business?

Probably most consistently, the German philosopher Karl-Otto Apel (e.g. 1990, 1992) has developed and discussed the approach of discourse ethics. Based on an "unlimited communication community" that ultimately encompasses the entire planet (cf. Nazarchuk 2009:251), a global megadiscourse can or should take place in which ultimately every human being is a potential discourse participant. These discourse participants express their interests and viewpoints more or less freely and ideally receive due consideration. In this context, neither a state of harmony of social relations - in the sense of Marx - nor a state of completion of an autopoietic (= self-organizing) system - as in Luhmann - are meant, but rather communication relations between social actors that are as free of disturbances as possible.

But what is meant by discourse ethics? According to Nazurchuk (2009:33/34), four points are important in discourse ethics compared to other ethical concepts: First, the rigoristic "consequentialism" is to be corrected - the consequences of moral action are to be taken into account in the assessment. Second, discourse ethics seeks to include all interested and affected parties in its perspective. Third, procedural mechanisms are to be created so that ethical content is universalized and included in a broad process of communication. And fourth, **"the validity (bindingness) of the principle of the good and of the obligatory** should be grasped through reason." According to Apel, three dimensions are to be distinguished: A micromorality, that is, the level of direct **interactions of individuals**; a mesomorality, which concerns the interactions of **communities and institutions**; and macromorality, which postulates **responsibility for the fate of all humanity** and for future generations (Nazuchuk 2009:34/35). For a detailed discussion of discourse ethics according to Habermas, cf. ► Unit E 18: "The Discourse Ethics Approach of Jürgen Habermas."

One of the most important attempts to apply discourse ethics to economic communication was made by Peter Ulrich (1993): "The central idea of Ulrich's communicative business ethics is that social conditions should be created for **business dialogues** (economic discourses) to proceed as unhindered as possible, which would make it possible to reduce transaction costs, increase economic efficiency, and, most importantly, enforce the principle of a just

economic order. This purpose was to be achieved by creating a free economic-political **community of understanding** in which ... not only all sides interested in the respective transaction would find representation, but also all those who would or could be affected by this transaction or its consequences" (Nazurchuk 2009:317). The resulting "communication rationality" is based on a common normative foundation of the order of understanding, a socioeconomic social contract, and a "universal corporate constitution" (Nazurchuk 2009:317). At the management level, the stakeholder approach corresponds to this view. A corollary of Ulrich is to revise the conception of private property, in the sense of a "property economics" (for a detailed discussion of property economics, see ► Unit V 26: "The Interest Problem"). The separation of rights of use (ownership) and availability (possession) gave rise to a new economic and legal order, which manifests itself at the level of the enterprise in the duality of manager-with growing powers of disposal-and shareholder (enterprise owner).

If - as in the liberal conception - no distinction is made in principle between possession, ownership and rake of disposal -, the ethical discourse on extra-economic consequences of the production of goods is rendered impossible. In Ulrich's opinion, the exclusivity of private property should not make discourse about the survival issues of humanity impossible (cf. Nazarchuk 2009:320). The need for universalization of property rights, he argues, arises from the principles of democratic social development. On the corporate level, a "corporate constitution" is needed, which is the necessary answer of discourse ethics to globalization.

In conclusion, it can be said about discourse ethics that it does not exclude inequality in terms of material resources - nor does it demand equality in terms of material resources. Rather, discourse ethics demands that, on the one hand, communicative and legal equality be established or maintained, and, on the other hand, that unequal material resources be prevented from being strategically transformed into communicative resources and from leading to the deepening of informational inequalities (cf. Nazarchuk 2009:410).

### 3. Control Questions

1. What is Sen's main argument for his view that democracies are better able to achieve economic goals than dictatorships?

2. According to Sen, what three considerations lead to the fundamental primacy of personal or political freedom over the economy?
3. From which three directions does resistance to linking democratic rights to economic development come?
4. Why does the possibility of introducing market rules through legislation not infrequently lead to market distortions?
5. Name five outsourcing criteria for government activities and, correspondingly, four ideal-typical groups of tasks.
6. What is the main achievement of social movements?
7. What thesis did Angell put forward in his 1910 book on the connection between war and the economy?
8. How did the wars of the 20th century affect the national debt of the warring countries?

#### 4. Links

##### **1914-1918: Krieg, Industrie und Wirtschaft**

<http://www.dhm.de/lemo/html/wk1/wirtschaft/index.html>

##### **Krieg und Geld-Wirtschaft – Warum Frieden von den meisten Politikern (noch) nicht wirklich gewollt ist.** Von Wolfgang Fischer

<http://emanzipationhumanum.de/deutsch/krieg01.html>

##### **Anarchistische Positionen zu Krieg und Wirtschaft**

<http://www.anarchismus.at>

##### **Text von Rudolf Rocker: Staat und Krieg**

<https://www.anarchismus.at/texte-antimilitarismus/336-rudolf-rocker-staat-und-krieg>

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