The Economics of Warfare

Weaponizing costs and economies

by Capt Conor T. Bender

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I can only imagine how David felt when he slew Goliath. A mere boy with little more than a rock was able to slay a giant. Divine intervention or not, David brought down his opponent—the pride of the Philistine army—with a mere rock, winning a war. A rock costs nothing, but a Philistine warrior trained to win wars by single combat? The costs include his armor, horse, basic allowance for quarters, dependent pay, spears, and food. My point with this parable is that the Israelites got their money's worth. Throughout the records of history, we see a significant advancement of weapons with the progression from a rock, to the spear, to the pike, and eventually the machine gun. In Dr. T.X. Hammes' book, *The Sling and the Stone*, the author discusses not just the evolution of weapons but the evolution of warfare with the implementation of economics, demographics, religion, and society. Of these, economic warfare has come a long way in the last 40 years. Since the 1980s, we have seen combatants fight thriftily and trigger economic disasters with overarching consequences. Economics may seem benign in comparison to an inter-continental ballistic missile or tank, but the stock market can be weaponized with an impact on the scale

> of a powerful political player. This player can dictate trade policies, influence elections, determine interest rates, place limits on national social policy decide acceptable banking practices, and drive other activities of a nation.[1]

The way that economics can be leveraged to benefit a military campaign can be best seen today in the form of sanctions. The implementation of this economic strategy is just one example of how economics can be a brutal tool for warfare. By forcing an opponent to expend more capital, we are weaponizing economics and attacking our opponent on a fiscal battlefield. By learning the lessons of the past 40 years, we can begin to incorporate this into our strategic-level plan for future conventional wars. The implementation of this strategy can be seen in past conflicts with CIA and the Soviet invasion of Afghanistan, al-Qaeda's use of commercial airliners as a terrorist weapon on 9/11, and insurgent forces in Iraq and Afghanistan's use of IEDs. Though these are not near-peer engagements, they are examples of how the strategy has been implemented.

The Stinger missile was an inexpensive weapon that proved its worth. (Photo by Christopher O'Quin.)

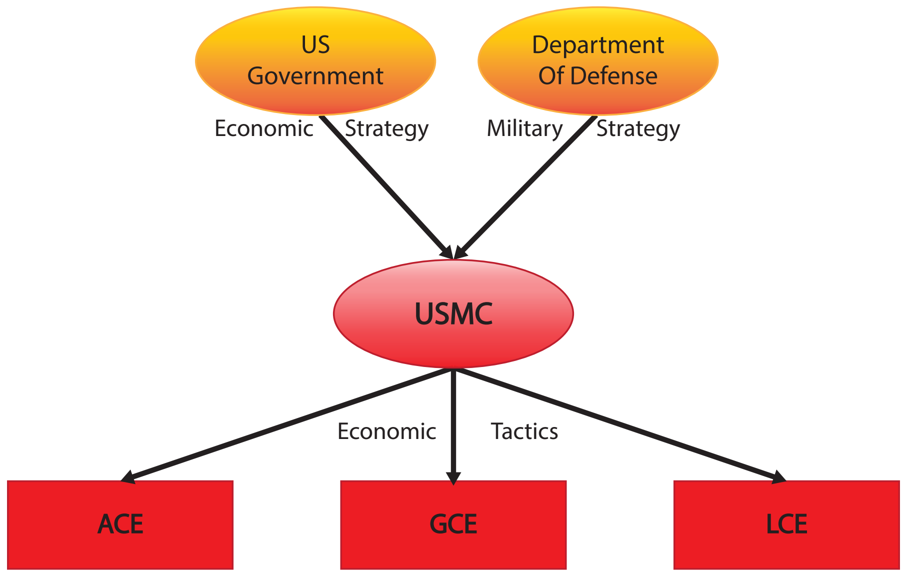
Flashback to the 1980s, the Soviet Union has invaded Afghanistan. The CIA, seeing an opportunity to weaken Russia, wages a cost-effective war against them. Working with Afghan fighters, the CIA attempts to implement economic warfare on the Russian military through the introduction of the Stinger missile. A counter to the lethal Russian Mi-24 Hind Helicopter, the Stinger missile system proved to be a budget savvy counter. This cost-effective weapon was the tipping point for the Soviet occupation of Afghanistan. The Stinger missile was an incredibly effective system that was able to leverage $70,000 against $20,000,000.[2] The CIA, a nonmilitary entity, with assistance from a handful of other countries was able to take down a near peer to the U.S. military with limited funds, equipment, and lightly trained mujahedeen fighters. With limited fiscal muscle, they were able to force the Soviet military to spend an excessive amount of money to counter the Stinger missile and attempt to protect their helicopters. This use of economic warfare eventually brought the Soviet Union to their knees and forced them to retreat from Afghanistan because of the financial costs of waging a war against the Afghan forces and the unpopularity of the invasion at home.

Although the CIA's tactics in the 1980s were nearly twenty-years-old, these tactics still held true in 2001. On 11 September 2001, we suffered a crippling attack on our nation's soil. With limited flight training, some box cutters, and $500,000, a handful of innovative fanatics dealt a serious blow to the American mainland.[3] As much as this terrorist attack was a physical one, it also had severe economic ramifications. Their attack cost America $789 billion dollars in physical damage, economic impact, and homeland security costs; this number is not counting the cost of the war in Afghanistan.[4] In addition, 2,996 people were killed, two international airlines went bankrupt, and four filed Chapter 11.[5] As barbaric as this tactic was, the economic cost it put on America, as well as a major worldwide industry, was significant. It provoked America into a war in Afghanistan with an entity that we are currently unable to achieve victory against.

The final example of economic warfare can be seen in Iraq and Afghanistan. A consistent problem we have encountered in Iraq and Afghanistan is the fear and issue of being attacked by IEDs. As these devices continued to cause problems, we developed the Mine Resistant Ambush Protected Vehicle (MRAP), a vehicle that costs about $1 million, which was able to protect Marines, Sailors, airmen, and soldiers from IEDs.[6] There is no question that this vehicle has saved many service members' lives. I am not advocating that we limit the cost we are willing to pay for the safety of troops on the ground; however, al-Qaeda and the Taliban were able to cause a combined arms dilemma. Deploying the MRAP lowered our casualty rate, but now insurgents were attacking us fiscally. Each MRAP cost more than $100,000 per vehicle to airlift into theater in addition to maintenance costs and the purchase of the vehicle.[7] The average cost of an IED ranges from $50 to $20,000.[8] If one $20,000 IED out of 54 completely destroys an MRAP, then it is a fiscal victory for Afghan or Iraqi insurgents. This is an example of our costs being driven up to combat insurgents.

If a near peer applied any of these examples on a larger scale, we would be significantly debilitated. A peer to peer conflict looms on the horizon. In a conventional fight we will not have as much of a fiscal edge over our opponents as we did in Iraq and Afghanistan. The purpose of a military is to serve as an extension of a nation's foreign policy. In order to win a war, we must make it so costly to not just the military but to our enemy's people that they cannot stomach fighting us. This is not just on the battlefield but also on the home front. By fighting cost effectively and forcing our enemy to spend more than us, we are forcing the civilian populace of our opponent to spend more of their money to support their military. As Marines, we must look for a financial victory and not just the maneuver warfare ones. Finance, like cyber, is a battlefield that is being implemented more and more. How often do we go after our opponent's supply chains? With al-Qaeda, we went after their poppy fields for a time; with Japan and Germany, we targeted their factories. In order to wage an economic war, the ends cannot justify the means. The means must cost less than the end for us, and more for our opponent. To do this, we must ask the following: How can we project power for half the cost? How can we force our enemy to spend more than us? What is an economic victory?

With the DIME construct (diplomatic, informational, military, and economic), this mindset of economic victory can be viewed as the tactical employment of economics through a military prism. Economic sanctions,



Incorporating American Economic strategy with our Military Strategy allows us o develop economic tactics that allow us to orient on the enemy through their fiscal means.

Figure 1.

embargos, and trade wars are examples of strategic economic tools adopted by a nation. Since the Oakland A's success with the employment of the "Moneyball" strategy, the military has been striving to incorporate a cost-effective strategy into an effective military doctrine. This has been used in conjunction with the counterinsurgency strategy, but has yet to make an impact with conventional warfare.[9] Rather than asking how we can effectively streamline supply chain management or our table of organization to manage cost, we need to ask how a $1,000 weapons system can destroy a multi-million dollar airfield or $35 million aircraft. Rather than buying "runs," we need to be buying "kills." This is the implementation of the economics of DIME at the tactical level. By doing this we are rewiring our maneuver warfare concepts to bring about a victory through economic warfare. This change requires little effort and modification to our doctrine or strategy but rather a more objective look at what we are using to accomplish tasks. This concept of getting more with less when it comes to weaponry can be applied to conventional warfare and applied by the Marine Corps at the strategic level. In the future, as we look to combat a near peer or peer adversary, chances are high that it will be a sovereign nation with a large civilian populace. By leveraging an opponents' economy against them, we can make victory more achievable by bankrupting our opponent. As Marines, we need to begin to ask at the strategic level, "What are we buying with our weapons systems?" With this 500 pounds bomb attached to the joint strike fighter, I can disable an airfield. Can I do the same with a $100 drone and 50 pounds of explosives attached? We need to start ensuring that destroying our enemies is cheaper for us than it is for them. This is a mindset we must adapt when fighting near-peer enemies because, more often than not, they will have similar, if not identical, financial capabilities to support the manufacturing of equipment and weaponry.

We often discuss combined arms dilemmas in the Marine Corps as an ideal way to destroy the enemy. Our opponents, who lately have been on the lower end of the economic spectrum, have done an exceptional job of attacking us financially; but with the exception of 9/11, they have been unable to inflict significant harm to our economy. At the end of the day, this implementation of a budget as a weapon of war is something the Marine Corps must adopt.

As Marines, implementing a finite budget and limited resources is a model that pairs well with us. When fighting near-peer foes, we will not have the fiscal depth that we had during the Iraq and Afghanistan Wars. Our adversaries, such as Russia, China, and North Korea, have the conventional firepower and budget to finance their forces. We need to force them to spend it in an inefficient manner: on MRAPs, countermeasures for a Stinger missile, and keeping their skies safe.

In conclusion, we need to take the lessons of Iraq and Afghanistan and implement them in how we face peer to peer enemies. We must learn from our failures and learn from our opponent's successes. We need to learn to develop cost-effective ways to close with and destroy our enemies while forcing them to expend more money to counter us. This is a mindset, not a one-time evolution. We need to consistently enter our enemies' observation, orientation, decision, action loops and continually force them to use the most costly ways to counter us to force an economic victory over our opponents in a conventional warfare theater. By doing this, we can dominate an intangible aspect of warfare by refining our maneuver warfare doctrine and force our enemies into a new type of combined arms dilemma; a deliberate, weaponized financial crisis. We have seen this time and again throughout history: the privateers in the seventeenth and eighteenth centuries, the Union Anaconda Plan during the Civil War, and the atomic bombs at Hiroshima and Nagasaki. Hampering an opponent in the economic spectrum is nothing new, but we have drifted away from this strategy. We need to get back to the basics.

Notes

1. Thomas X. Hammes, *Sling and the Stone: on War in the 21st Century*, (St. Paul, MN: Zenith Press, 2012).

2. George Crile, *Charlie Wilson's War,* (New York, NY: Atlantic Monthly Press, 2004); and National Commission on Terrorist Attacks upon the United States, *The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks upon the United States,* (Washington, DC: 2004).

3. Ibid.

4. Shan Carter and Amanda Cox, "One 9/11 Tally," *The New York Times*, (New York, NY: September 2011).

5. Staff, *The Impact of September 11 2001 on Aviation,* (Montreal, CAD: International Air Transport Association, May 2006).

6. Alex Rogers, "The MRAP: Brilliant Buy, or Billions Wasted?," *Time*, (Online: October 2012), available at http://nation.time.com.

7. David Axe, "The Great MRAP Debate: Are Blast-Resistant Vehicles Worth It?," *Breaking Defense,* (Online: October 2012), available at https://breakingdefense.com.

8. Tom Vanden Brooke, "Afghan IEDS: Warfare on the Cheap", *USA Today*, (Online: June 2013), available at https://www.usatoday.com.

9. Marc Tracy, "Military 'Moneyball'," *The New Republic*, (Online: March 2013), available at https://newrepublic.com.