

**ECONOMIC PHENOMENA  
BEFORE AND AFTER WAR;  
A STATISTICAL THEORY  
OF MODERN WARS**

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Economic phenomena before and after war; a statistical theory of modern wars by Slavko Secerov

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**SLAVKO SECEROV**

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# ECONOMIC PHENOMENA BEFORE & AFTER WAR

A Statistical Theory of Modern Wars

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## PREFACE

THE "Economic Phenomena before and after War" embodies the result of the author's search for a scientific, synthetic explanation of modern wars, by means of economic statistical data, as far as they exist, in the statistics of consumption, production, and natural growth of population in the several countries investigated.

It is partly an ordered and critical assemblage and exposition of existing data with regard to this synthetic explanation of modern wars, and partly a record of original research of economic phenomena and their measurement by means of statistical methods.

The author attempted to measure the growth of consumption in the chief countries by means of index numbers with a similar base, so as to render a comparison possible. Further, the author endeavoured to measure the growth of production of primary and secondary goods by production index numbers, computed with a similar base for like commodities for the whole world, for longer and shorter periods.

The theory the author propounds, assumes that a state of war in the modern communities is dependent on the general economic equilibrium, which becomes more and more unstable as industrialization progresses. The economic equilibrium of the modern communities is a resultant of the growth of population and consumption and of the state of production and distribution. In order that the economic equilibrium of modern communities should be stable, there has to be a certain proportion in the growth of population and consumption and the state of production and distribution. The forces affecting the growth of population, consumption, and production, and the state of distribution have to run in parallel direction, if the proportion and economic equilibrium be stable.

The pre-war unstable state of economic equilibrium is indicated by a situation where the actions of the forces become more and more of antagonistic nature. The natural growth of population is in a declining phase, while the consumption per head is in an ascending phase. Yet although the short pre-war period of consumption is in ascending phase, the average of this period is lower than that of the preceding equal period; that is termed the pressure on consumption.

The state of pre-war production is characterized by a disproportionate rate of increase in the production of primary and secondary goods, the former including the necessities of life and raw materials connected with them, the latter the industrial and commercial products of modern communities. The rate of increase in the production of secondary goods is twice as great as that of the production of primary ones.

A state of war indicates a turning point in the action of balancing forces; it moves the economic forces in an opposite direction, and therefore it is a means to stabilize the general-economic equilibrium.

After war, the rate of natural growth is in an ascending phase and the consumption is in a declining one; the production of secondary goods is either supplemented by areas of production of primary ones, under very different political formulas, by the countries winning the war, or the production is directed to an intensive cultivation of primary goods in the countries losing it.

The state of distribution, although of fundamental importance, is not yet investigated; yet it is the author's idea, that the ultimate cause of modern wars is dependent on the action of distributive forces, effecting a continuous accumulation of capital, and therefore creating a demand for investment and employment, and that is done in industrial processes; thereby the disproportion in the production of primary and secondary goods is continuously pushed forward. Yet the function of war in regard to this accumulated capital is partly to destroy it and partly to bind it in the shape of government debts and therefore depressing its action. These, although obvious phenomena, have not been statistically investigated here.

S. S.



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## ECONOMIC PHENOMENA BEFORE AND AFTER WAR

"As the level of welfare rises, the struggle for existence will change, but not diminish; it will become a struggle, not for life itself, but for the comforts of life, and there is no reason to believe that the latter struggle will be less severe. It will be a struggle like that in which, already now, we may see the banker engaged when he does not want to be forestalled by his fellow-bankers; or the manufacturer, who wants to attain a high standing in his trade; or the shopkeeper or dealer, who wants to compete successfully.

"If we were to assume that, with advancing welfare, wants would remain stationary, we should not be right in saying what we have said. But as welfare increases, wants increase even more rapidly as a rule."

—N. G. PIERSON, *Principles of Economy*, vol. 2, p. 124.

"The increase of population in Europe is having one of Malthus' positive checks, administered with very great sharpness."

—PROF. E. CANNAN, *Economic Journal*, vol. 26, p. 219. 1916.

## I

### INTRODUCTION

**T**HE aim of this essay is to find out a possible numerical or statistical connexion between the economic phenomena of a community and a state of war.

Whatever the cause of a war may have been, the effect is always a readjustment of political power, in accordance with the success or defeat resulting from the war, accompanied by a territorial readjustment of boundaries. The former arrangement, existing previous to the war, was not in harmony with the actual political forces, and the war effects a rearrangement, according to the actual political forces, as shown in the course of the war. We could state the same idea by saying that war is a restoration of balance or equilibrium of political forces by means of violent and rather primitive methods of killing people, and also by great destruction of wealth, actual and potential. But besides the actual loss of human life a war affects the economic phenomena of production and consumption of goods too, and if the readjustment of political power is effected by means of the death of people (killing, diseases, etc.), there is reason to believe and to suppose, that the actual number of people living in a given territory may not be in accordance with the economic situation, the production and consumption of goods at the moment. In other words, population, whether we take the actual numbers or the growth and the proportionate increase of consumption and production of goods,