Kyoto University, Graduate School of Economics Discussion Paper Series



Gewalt, Gold, God (Aircraft Industry, International Debt, Democracy in Cyberspace): World History from the Perspective of Weapons<sup>1</sup>

Takeshi SAKADE<sup>2</sup>

Discussion Paper No. E-21-001

Graduate School of Economics Kyoto University Yoshida-Hommachi, Sakyo-ku Kyoto City, 606-8501, Japan

April, 2021

#### The Question of World History

The feeling evoked by the word "world" makes it easy to assume research on world history is, like the word itself, also large scale. For example, research on world history is presumably not handled by young, mid-career researchers, but rather encompasses a masterpiece collectively written by senior researchers to produce a large, individual piece of themed research. But of course, that's not the case.

The author's research theme is European and American economic history, especially the history of the aircraft industry. This theme can be broadly summarized as industrial history, but the details are by no means limited to that theme since the original motive for developing aircraft was to strengthen military power—meaning the aircraft is considered a weapon. Therefore, talking about the aircraft industry is inseparable from any trend of the times, such as the battle for hegemony from Pax-Britannica to Pax-Americana or the current US–China clash over hegemony. Behind the individual research theme of aircraft industry history lies the history of the wider-scale military industry.

The relationship between the individual and whole is inseparable, and rather, research in which they are separate cannot be considered effective. However, it is impossible to collect all the individual pieces in detail and carefully combine them into a whole, which is the equivalent of repeating all of history. World history is therefore basically an acrobatic study that perpetuates this unreasonableness, though with that comes both limits and charms.

In this paper, the researcher focuses on how the history of the aircraft industry challenges this unreasonableness. The starting point is the munitions industry centered on aircraft, and world history from the perspective of governing or controlling the future of democracy in cyberspace presents a challenge. Needless to say, the finer the individual themes, the more accurate they will be. Excessive fineness, however, also makes it unclear what will be revealed and what will transpire. In the case of research that resonates not only with research circles in the relevant field but also with the general public, it is necessary to put forth a hypothesis (or story) called, to some extent, a big talk, which is the world mentioned earlier. It is a part of the charm of world history.

# Gewalt (the National Mechanism That Spurred Violence and Created the International Order)—Aircraft Industry and Anglo-American Hegemony Transition

In *Destined for War* (2017), Graham Allison mentioned the possibility of wars between former and emerging hegemons.<sup>3</sup> Allison analyses the 16 cases of structural stress ("Thucydides traps") that have arisen in the last 500 years as emerging economies tried to push away the dominant powers and confirms that, in 12 of 16 cases, wars occur. He claims that the transition of hegemony from the United Kingdom to the United States in the 1940s was done peacefully without war, which is also commonly believed in the modern history research field. But is that actually true? Certainly, in terms of currency, the 1945 Bretton Woods Agreement between the United Kingdom and the United States included the agreement to replace the pound sterling with the dollar as the key international currency, contributing to the stability of the world financial markets. But what was happening in the aircraft industry, the industrial base of military hegemony?

The main structure of aircraft manufacturing is divided into the airframe division and the aeroengine division. In the 1950s, the United States had commercially defeated the British aircraft industry—which had previously developed the world's first passenger jet airliner, the Comet—with the Boeing 707 in the airframe division. However, looking at the aeroengine division, in the 1980s, Rolls-Royce of the United Kingdom maintained international competitiveness by powering aeroengines in Lockheed (TriStar) and Boeing (757/777) (The Rolls-Royce-Lockheed production collaboration (TriStar-RB211) was ultimately the story behind the "Lockheed bribe scandal" in Japan and the world). In other words, focusing on the military industrial base and empirically analyzing the economic mechanism of interdependence between Britain and the United States, the transition of hegemony from Britain to the United States was completed much later in the 1960s rather than in the 1940s, as the prevailing belief suggests.<sup>4</sup>

The image of the aircraft industry is deeply connected with the nation and sucks sweet juice as the "military-industrial complex." But in reality, technological innovation and the profit model repeatedly change every 10 years, and it is extremely difficult to maintain a dominate position, even for big companies. It is therefore through an analysis of the rise and fall of this industry and the mechanism of hegemony that the battle for hegemony between nations can be seen.

### **Gold (Material Guarantee of Economic Value)**

The latest and strongest weapons development influences the outcome of hegemony. Such development not only requires military spending that exceeds the national finance of one country and adjustment based on international budgetary relations but also ultimately depends on the amount of gold held in the nation's exchequer. According to Michael Hudson's theory of "super imperialism," this situation changed from 19th-century British-type creditors' imperialism to 20th-century American-type debtors' imperialism with the turning point of the so-called Nixon shock in 1971. In that year, President Nixon of the United States declared the abolition of the gold–dollar exchange system established by the Bretton Woods Agreement. David Graeber's *Debt: The First 5,000 Years* (2011) marked the post-1971 period in human society's 5,000-year history. <sup>5</sup> In that year, the US government had issued a huge number of US dollars without considering repayment, and the central banks of other countries had to hold dollars in the form of US treasury bills, which are essentially never paid back.

Today, it has become commonplace to use electronic money instead of real money, and virtual currencies such as bitcoin are also booming. Now that financial capitalism has developed remarkably in this way, much of the money exchanged comprises not real physical forms of money but rather electronic information. However, as a result of the international cooperation of the central banks of developed countries with zero interest rates and quantitative easing for economic measures after the Lehman shock, the rapid expansion of money without a substantive basis and the international debt problems of the government and private sectors have become difficult problems to solve.<sup>6</sup> Monetary expansion policies for COVID-19 measures have also caused financial market turmoil, which is itself separate from the real economy. Money can be lost in a blink of an eye because it can be printed on demand, in seemingly unrestrained quantities. Yet even today, the ultimate guarantee of wealth is the hard currency of gold. The United States holds the most gold in the world, and Japan, despite holding the title of "the world's largest creditor," holds the smallest amount of gold in its national exchequer. On the other hand, the cumulative budgetary deficit, which is essentially debt left for the next generation, has become unsolvable through ordinary fiscal and financial means.

Hegemony, however, does not just refer to the material foundation. For example, when referring to "US hegemony," what first comes to mind are armaments such as missiles and key currency privileges, but people's values of "democracy and human rights" are also major elements of hegemony.<sup>7</sup> Moreover, democracy sometimes function as a Weapon to

change national regimes. This idea of democracy as a keyword shifts the conversation to the next topic: "God" which people believe.

## God (Value, the Heart of the People)—Democracy as a Weapon

Just after the end of the Iraq War, the United States tried to transplant an American-style democracy, market economy, and social design to military administrations and the monarchy in the Middle East. This spectacular social experiment, accompanied by the "Arab Spring," failed miserably, plunged the Middle East into a state of turmoil, and became a source of landmines on the international political and military map, including with respect to refugee issues in Europe.

"Democracy," in the simplest sense of the word, refers to the mode in which demos (the public) makes social decisions. Democracy is often considered an ideal or a good virtue, but in reality, democracy is merely a mechanism by which power is exercised. From the perspective of emphasizing the relationship between democracy and technology as a matter of power or control, world history looks different again.

The dramatic innovation of digital technology has transformed the functions and values of traditional societies. On one side of the new relationship is cyber technology, which is the focus of the battle for hegemony between the United States and China, and on the other is democracy conducted by individuals, groups, and nations. The two sides are inseparable.

In general, it is widely believed that digital and real-world spaces will combine to form a new dimension in the very near future. There is, however, as this dimension moves ever closer, an urgent need to consider the ethics, human views, and human rights concepts that are the core of the prevailing norms. It is on these norms that the ideal form of democracy and fair governance are based. In other words, the <country> that first makes that dimension a reality becomes the winner of "the war of all against all" (Hobbes's "Leviathan").

Here, there is good reason to put <country> in brackets because big business will likely fill in the brackets by winning that war. The IT platformers (Google, Apple, Facebook, and Amazon—or GAFA) are promoting digital enclosure (a movement to enclose personal privacy in cyberspace); this movement is known as the GAFA model. In China, the state is already collaborating with IT platformers (Baidu, Alibaba, Tencent, Huawei, etc.) to collect as much information as possible about the people in China; this effort is considered the Beijing model.

In January 2021, Twitter permanently suspended Donald Trump's account, an event that is fresh in the memory of many. This suspension is a measure of concern in that it may induce further violence following the 2021 storming of the US Capitol. That concern aside, the suspension offers a clear example illustrating that private companies are in control of the US President's autonomy. This incident simply shows the end of Francis Fukuyama's "the end of history" argument, which stated that the US-led "liberal democracy based on market economy and economic growth" will blanket the world after the end of the Cold War.

#### **Democratic Habitus in Digital Panopticon**

According to the theory of "the end of history," in the 1970s and 1980s, the political system in Latin America and other countries experienced a shock, and liberal democracy spread. As an economic principle, the "free market" has become widespread. Third-world countries have also achieved material prosperity. As a result, Fukuyama thought that "the end of human ideological progress" and "the final form of human governance" had arrived, believing that liberal democracy itself was "the end of history."

According to Kojève's interpretation of Hegel's view of world history and The Phenomenology of Spirit (1807), which Fukuyama relied on, human beings are nothing more than a desire for "approval," and history gradually satisfies this desire. This process is on-going. Kojève thought that this desire would be fully fulfilled in and by the "universal and homogeneous nation" that emerged as Napoleon's empire for Hegel. And regarding "human beings" after "the end of history," the disappearance of human beings at the end of history would not be a catastrophe of the universe. The natural world will continue to exist forever, and human beings will continue to survive as an animal in harmony with the existence of the universe. Leo Strauss, on the other hand, criticized Kojève's "universal and homogeneous nation" theory given Nietzsche's "the last man" theory, in which humans lose their humanity. The arrival of a "universal and homogeneous nation" is possible to say whether humans would feel fully satisfied with it. If a "universal and homogeneous nation" is the goal of <history>, then <history> itself is absolutely "tragic."<sup>8</sup>

Can "the last man" stand up at the end of "history," at the end of world's evolution?

In a state-controlled digital panopticon (Michel Foucault) system censored by nations or IT platformers, can humans recover autonomous and democratic habitus (the structure to be structured: P. Bourdieu)? Or do they live their lives as "the last man" and simple exist as "animals"? These questions ultimately show why the conclusion of the "duel between you and the world" (Franz Kafka) has not yet been decided.<sup>9</sup>

<sup>2</sup> Associate Professor (International Economic Security) in School of Government & Graduate School of Economics, Kyoto University; Director of Cyber Democracy Light Unit, Kyoto University, E-mail: sakade.takeshi.5m@kyoto-u.ac.jp

<sup>&</sup>lt;sup>1</sup> This discussion paper is composed by Naoki Miyano (Associate Professor in Center for the Promotion Interdisciplinary Research and Education, Kyoto University).

<sup>&</sup>lt;sup>3</sup> Allison, G. (2017), *Destined for War: can America and China escape Thucydides's trap?* (Houghton Mifflin Harcourt).

<sup>&</sup>lt;sup>4</sup> Sakade, T. (2010), *The British aircraft industry and "End of the Empire": Defense Industrial Base and Anglo-American production collaboration* (Yuhikaku).

<sup>&</sup>lt;sup>5</sup> Graeber, D. (2011), *Debt: The First 5,000 Years* (Melville House): Hudson, M. (1972), *Super Imperialism: The Economic Strategy of American Empire* (Holt, Rinehart and Winston).

<sup>&</sup>lt;sup>6</sup> Tooze, A. (2018), *Crashed: How a Decade of Financial Crises Changed the World* (Viking).

<sup>&</sup>lt;sup>7</sup> Nye, J.S. (2004), *Soft Power: the means to success in world politics* (Public Affairs).

<sup>&</sup>lt;sup>8</sup> Strauss, L. (2000), On Tyranny (University of Chicago Press); Sakai, R. (2017),

Athèisme et ètat: Pour la philosophie politique de Kojève (Nakanishiya).

<sup>&</sup>lt;sup>9</sup> Foucault, M. (1975), *Surveiller et punir : naissance de la prison* (Gallimard); Bourdieu, P. (1977) *Algérie 60 : structures économiques et structures temporelles* (Éditions de Minuit).