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<http://www.theguardian.com/commentisfree/belief/2015/jul/03/throughout-history-debt-and-war-have-been-constant-partners>

## Throughout history, debt and war have been constant partners

Giles Fraser

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Somewhere in a Greek jail, the former defence minister, Akis Tsochatzopoulos, watches the financial crisis unfold. I wonder how partly responsible he feels? In 2013, Akis (as he is popularly known) went down for 20 years, finally succumbing to the waves of financial scandal to which his name had long been associated. For alongside the lavish spending, the houses and the dodgy tax returns, there was bribery, and it was the €8m appreciation he received from the German arms dealer, Ferrostaal, for the Greek government's purchase of Type 214 submarines, that sent him to prison.

There is this idea that the Greeks got themselves into this current mess because they paid themselves too much for doing too little. Well, maybe. But it's not the complete picture. For the Greeks also got themselves into debt for the oldest reason in the book – one might even argue, for the very reason that public debt itself was first invented – to raise and support an army. The state's need for quick money to raise an army is how industrial-scale money lending comes into business (in the face of the church's historic opposition to usury). Indeed, in the west, one might even stretch to say that large-scale public debt began as a way to finance military intervention in the Middle East – ie the crusades. And just as rescuing Jerusalem from the Turks was the justification for massive military spending in the middle ages, so the fear of Turkey has been the reason given for recent Greek spending. Along with German subs, the Greeks have bought French frigates, US F16s and German Leopard 2 tanks. In the 1980s, for example, the Greeks

spent an average of 6.2% of their GDP on defence compared with a European average of 2.9%. In the years following their EU entry, the Greeks were the world's fourth-highest spenders on conventional weaponry.

So, to recap: corrupt German companies bribed corrupt Greek politicians to buy German weapons. And then a German chancellor presses for austerity on the Greek people to pay back the loans they took out (with Germans banks) at massive interest, for the weapons they bought off them in the first place. Is this an unfair characterisation? A bit. It wasn't just Germany. And there were many other factors at play in the escalation of Greek debt. But the postwar difference between the Germans and the Greeks is not the tired stereotype that the former are hardworking and the latter are lazy, but rather that, among other things, the Germans have, for obvious reasons, been restricted in their military spending. And they have benefited massively from that.

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Debt and war are constant partners. "The global financial crisis was due, at least in part, to the war," wrote Nobel prize-winning economist Joseph Stiglitz, calculating the cost of the US intervention in Afghanistan and Iraq, pre-financial crash, to have been \$3tn. Indeed, it was only this year, back in March, that the UK taxpayer finally paid off the money we borrowed to fight the first world war. "This is a moment for Britain to be proud of," said George Osborne, as he paid the final instalment of £1.9bn. Really?

The phrase "military-industrial complex" is one of those cliches of 70s leftwing radicalism, but it was Dwight D Eisenhower, a five-star general no less, who warned against its creeping power in his final speech as president. "This conjunction of an immense military establishment and a large arms industry is new in the American experience. The total influence – economic, political, even spiritual – is felt in every city, every state house, every office of the federal government ... we must not fail to comprehend its grave implications. Our toil, resources and livelihood are all involved; so is the very structure of our society." Ike was right.

This week, Church House, C of E HQ, hosted a conference sponsored by the arms dealers Lockheed Martin and MBDA Missile Systems. We preach about turning swords into ploughs yet help normalise an industry that turns them back again. The archbishop of Canterbury has been pretty solid on Wonga and trying to put legal loan sharks out of business. Now the church needs to take this up a level. For the debts that cripple entire countries come mostly from spending on war, not on pensions. And we don't say this nearly enough.