

Challenging Conventional Wisdom in Defense and National Security



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The first time I met Peter, he told me that one of his ambitions was to publish at least one paper in every subfield in economics. At the time, he had not published anything on defense and national security. As things turned out, he ended up making three important contributions to this rather esoteric subfield of public economics.

The first was a theoretical contribution, “Military Conscription and the (Socially) Optimal Number of Boots on the Ground” (Berck & Lipow, 2011). Up to that point, the literature on conscription was heavily dominated by a single simple idea: conscription carried a high cost because the “wrong” people were being drafted, but the lower wages paid to conscripts translated into lower taxes and hence lower deadweight losses associated with that taxation. What Peter and I did was to conceptually explore some of the basic assumptions behind military manpower mobilization. What we showed was that volunteer forces would also tend to mobilize the “wrong” people, with no commensurate savings in deadweight loss. Furthermore, we found that, if a recruit’s value to the military was strongly associated with her value as a civilian worker—something that is known to be the case—conscription becomes more benign, and may even become superior to dependence on volunteers, even in the absence of distortionary taxation.

The second was a policy contribution, “Did Monetary Forces Help Turn the Tide in Iraq?” (Berck & Lipow, 2010). At the time, it was widely believed that the “surge” of coalition forces into Iraq in 2008 and 2009 had defeated the insurgency. Peter and

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I argued that a far better fit for the historical record was that the real appreciation of the Iraqi *dinar* accounted for this. Simply put, the insurgents depended on foreign funding. As the purchasing power of those funds eroded, it had been necessary for them to turn to crime and extortion to finance their activities. This led to a precipitous drop in their popularity, which in turn led to the “Anbar Awakening” of 2006, where large numbers of insurgents switched sides. The paper did not attract any attention in the economics community but won a fanatic following in certain corners of the Pentagon, including Special Operations Command and the Office of Net Assessment.

Finally, the third paper was an empirical contribution. The paper, “Racial Selection in Deployment to Iraq and Afghanistan” (Armev et al., 2021), was coauthored by Peter, me, and my colleague Laura Armev and published following Peter’s untimely death. It took advantage of a comprehensive data set of 130,000 observations, encompassing all the male soldiers and Marines who had volunteered for service prior to 9/11 but were still in uniform when Operation Iraqi Freedom commenced in 2003. What we showed was that Blacks, even after correcting for observables like age, marital status, and choice of military occupation specialty (MOS), were 30% less likely than others to have been deployed in the early days of the operations in Afghanistan and Iraq. The reasons for this proved to be complicated but did not suggest the presence of any institutional discrimination within the armed forces. The most intuitive of the ways to interpret the results is that they suggest, if anything, that Blacks still faced considerable discrimination in the civilian labor market at the turn of the century.

While Peter’s interest in defense economics was unusual given his other research contributions, there was actually nothing unusual in the way he approached the very practical national security puzzles I would bring to him. Peter, unlike so many of today’s economists who are better characterized as statisticians than as social scientists, regarded policy relevance, conceptual (theoretical) foundations, and empirical analysis as equally important aspects of economic research. And he made it his life’s work to question, challenge, and occasionally even overturn conventional wisdom.

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