



# DISASTER CAPITALISM AND THE WAR IN UKRAINE

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The war in Ukraine is a tragedy. Few can fail to be unmoved by the daily accounts of suffering. Equally it is clear that war crimes have been committed. But what a reading of recent *Postil* articles reveals is that this war could and should have been avoided. If Jacques Baud is right (*Postil* [April 11](#) and [May 1](#), 2022) then this conflict makes no sense whatsoever. It seems that the USA, the UK and France, after having successfully sabotaged the Minsk agreement, are now fighting a proxy war with Russia. They encouraged Ukraine to poke the Russian Bear. Putin had been reluctant to rise to the bait but eventually felt he had no choice but to intervene.

To some scholars of USA Foreign policy, the current war is part of a global strategy to establish unchallenged world-wide dominance. Some 20 highly-credentialed analysts contributed to Lendman, S. 2014 book, *Flashpoint in Ukraine: How the US drive for hegemony risks World War III*. They argue that Obama's pivot was global, in pursuit of unchallenged worldwide dominance, leading to multiple direct and proxy wars. Neocon-dominated Washington seeks to marginalize its Russian and Chinese rivals, surrounding both countries with US bases. Ukraine is in the eye of the storm, the crown jewel of NATO eastward expansion, the last step in Washington's drive to incorporate all former Soviet republics and Warsaw Pact countries into NATO and install missile defense sites on Russia's very border. We should not lose sight of the fact that Joe Biden was not just Obama's vice-president—he had an active hand in the shaping of US foreign policy during Obama's presidency. It seems that he is picking up where Obama had left off. Yet I cannot help but ask “who benefits from this war?”

There does not seem to be much of a benefit for Western Europe and indeed the rest of the world as the conflict threatens global shortages in food supply. Europe still relies heavily on Russian oil and gas and that too is now placed at risk; if the conflict is not resolved in time, it can create domestic tensions as the price of energy rises. The price that Europe will be paying will be in the form of very expensive energy and food shortages—it may be bearable during the Northern Summer but winter could be a different story. It seems that this is a risky venture in which no-one benefits.

However, let us consider three factors: the military industrial complex, the global energy shortage, and disaster capitalism. Our understanding of all three will enable us to make some sense of the Ukrainian conflict.

## **The Military-Industrial Complex**

World War I introduced the world to a total, global tragedy. The belligerents made full use of their global resources. Neutral countries helped to maintain the industrial violence by shifting to the industrialized production of munitions, food and other supplies. War had become a profitable business.

The First World War may be regarded as the origins of the military-industrial complex. Free trade had been the cornerstone of liberal democracies—the war changed that. Governments now placed restrictions with whom one could trade. In the past such restrictions had been imposed to protect local industry; now they were imposed to protect the nation. However, the war also changed one other important element. In times of war, governments relied on securing their resources from either their domestic suppliers or from neutral or friendly foreign suppliers. Government contracts are lucrative. Little wonder that by 1961 President Eisenhower saw fit to warn: "In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex."

The military-industrial complex relied on governments to do two things: firstly, lubricate the wheels of international diplomacy to gain access to foreign markets, and secondly have a willingness to place the nation on a permanent war-footing.

In the current conflict, the three nations that have been most active in providing support for the Ukrainians have been the USA, UK and France—these three nations are responsible for 57%, 9% and 5.3% of global arms sales. Thus, the \$33 billion that President Biden is providing to the Ukraine is effectively a grant to the USA manufacturers. This underlines that these three nations are not disinterested parties in this conflict—the funds promised to Ukraine for weapons will be spent domestically. It also means that by presenting this war as a fight for democracy there will be very little criticism of this expenditure.

Eisenhower's concerns were well founded. The military-industrial complex has become a significant part of the USA economy; but whilst a substantial player it is not in the top 15 manufacturing companies. However, that can be misleading. Table 1 below shows that some of the top 15 manufacturing companies also have interest in war. Car and electronic component manufacturers would be interested in tendering for a range of government contracts. All these companies will be lobbying government to ensure that the political climate remains conducive for their businesses.

**Table 1.** The top 15 manufacturing companies in the Fortune Global 500 compared with the top 15 arms-producing and military services companies in the SIPRI Top 100, 2017

Figures for arms sales and total sales are in billions of US dollars.

Rank <sup>a</sup>	Top 15 manufacturing companies	Total sales (US\$ b.)	Rank <sup>b</sup>	Top 15 arms producers	Arms sales (US\$ b.)	Total sales (US\$ b.)
1	Toyota	254.7	1	Lockheed Martin Corp.	44.9	51.0
2	VW	240.3	2	Boeing	26.9	93.4
3	Apple	215.6	3	Raytheon	23.9	25.3
4	Samsung Electronics	174.0	4	BAE Systems	22.9	23.5
5	Daimler	169.5	5	Northrop Grumman Corp.	22.4	25.8
6	General Motors	166.4	6	General Dynamics Corp.	19.5	31.0
7	Ford	151.8	7	Airbus Group	11.3	75.2
8	Hon Hai Precision Industry	135.1	8	Thales	9.0	17.8
9	Honda	129.2	9	Leonardo	8.9	13.0
10	General Electric	126.7	10	Almaz-Antey	8.6	9.1
11	Fiat Chrysler Group <sup>c</sup>	125.0	11	United Technologies Corp.	7.8	59.8
12	SAIC Motor	113.9	12	L-3 Communications	7.8	9.8
13	Nissan	108.2	13	Huntington Ingalls Industries	6.5	7.4
14	BMW	104.1	14	United Aircraft Corp.	6.4	7.7
15	China Railway and Engineering Group	97.0	15	United Shipbuilding Corp.	5.0	5.6
<b>Total top 15 sales</b>		<b>2311</b>			<b>231.6</b>	<b>455.6</b>

Corp. = Corporation.

Note: Figures may not add up to stated totals due to the conventions of rounding.

<sup>a</sup> Companies are ranked based on total sales as listed in the Fortune Global 500 for 2017.

<sup>b</sup> Companies are ranked based on total arms sales as listed in the SIPRI Top 100 for 2017.

<sup>c</sup> Fiat Chrysler Group is not listed separately in the Fortune Global 500, but as part of the holding company Exor.

Sources: *Fortune*, 'The Fortune Global 500', 2017; and SIPRI Arms Industry Database, Dec. 2018.

The fact that so many global corporations stand to benefit from government spending on the war effort means that those corporations will have a vested interest in ensuring that the West does not falter in its prosecution of the war. If we add to this the anti-Chinese policy, we can see that the West is being softened up to see Russia and China as two enemies who must be stopped at all costs.

In that context, simply note the double standards that apply to human rights violations. Russia and China are portrayed in the media as being despotic and anti-democratic. Much is made of the way religious minorities are treated. The challenge for any commentator is to contradict that narrative, for there is much that is reprehensible about the way people are treated in China and Russia. But—we have

to ask why do we hear so little about the internal politics of countries like Saudi Arabia, Turkey, Hungary or Poland? The same countries who are welcoming Ukrainian refugees with open arms have been less than welcoming to refugees from Afghanistan, Syria, or Burma. One cannot help but feel that the confected moral outrage will be limited to actions by nations that do not support Washington's crusade.

## **Global Energy Shortage**

In 1972, the Club of Rome Report, [\*The Limits to Growth\*](#), posited that the world was heading for a global energy shortage. At the time, it was dismissed as another Malthusian chimera. However, in 2009, Turner published, *A comparison of the limits of growth with thirty years of reality*. Given the complexity of the *Report*, it is rare for its forecast to yield such uncompromising confirmation. The Report had predicted that the world was heading for a global collapse by the second decade of the 21st century.

Meanwhile, Kjell Aleklett in [another peer-reviewed work](#) demonstrated that the world had reached the state of peak oil. This basically means that the cost of extracting various oil and natural gas was becoming less and less profitable—we would need to become accustomed to a world of energy shortages. The global corporations had grown and expanded on the back of plentiful and comparatively cost-effective energy.

For a time, Covid had hidden the advent of peak energy. The conflict in the Ukraine provides the world with another means of disguising the reality. The countries which are the most reliant on plentiful cheap energy are also the ones who are engaged in what could reasonably be referred to as a crusade against Russia. Thus, all energy shortages may be sheeted home to Russia; there can be no question that it is due to the failure of the various Western governments to protect their people from the energy crisis.

But that is not all. The USA and the West have not abandoned their Cold War rhetoric—Putin has been a road block to the Americans. The incessant speculation that the war will hasten the end of the Putin era is a mixture of wistful thinking and propaganda. The removal of Putin could open up the vast resources of Russia to the West.

## **Disaster Capitalism**

In his book, [\*Capital and Ideology\*](#), Piketty argues that “every human society must justify its inequalities: unless reasons for them are found, the whole political and social edifice stands in danger of collapse.” Piketty justifies this proposition by referring to the long-term history of the ways in which regimes in different polities established what he refers to as the “inequality regime” which comprises “A set of discourses and institutional arrangements intended to justify and structure the economic, social, and political inequality of a given society” (p. 2). The justifications for inequality are not open ended—“what determines the level of inequality is above all society’s ideological, political, and institutional capacity to justify and structure inequality” (p. 267). The levels of inequality generated by neo-liberal policies have thus far been justified on the grounds “that a rising tide raises all boats.” However, that claim is sounding increasingly hollow.

Nevertheless, what Piketty’s work has also demonstrated is that contemporary neo-liberalism seems to be an ideology free zone. Between 1980 and 2018, the share of the top decile (the 10% highest incomes) in total national income, ranged between 26% and 34% in 1980 in the different parts of the world, and from 34% and 56% in 2018. From his data it seemed immaterial where one lived. A democracy like India showed the sharpest growth, closely followed by the USA, Russia and China. (See, [Piketty’s website](#))

The reason there is a global trend towards inequality may be attributed to the influence of Milton Friedman from the Chicago School of Economics. Friedman won the 1976 Nobel Prize in economics for what was referred to at the time as monetarism but is today better characterised as neoliberalism. It was this theory that guided the policies of the International Monetary Fund, the World Trade Organization and the World Bank. Their policies were focused on increasing the richness of the economy rather than on enhancing the richness of human life. The argument was summed up by President Clinton who argued that human well being was dependent on the economy—“it is the economy stupid” that should guide public policy.

For those who advocate adherence to a neo-liberal economic narrative, the real problem has been that governments are concerned about the public backlash of promoting policies that seek to fully implement a neo-liberal economic agenda. However, disaster capitalism presents governments with a solution. Disaster presents an opportunity to implement policies that would, under normal circumstances, be resisted. Milton Friedman opined: “Only a crisis—actual or perceived—produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around.” If the ideas of the Chicago School of Economics are the only ones lying about, then they will be readily embraced, for they seem to offer a well thought out constructive way to respond to the crisis. Disaster

capitalism was the solution in response to the impact of Hurricane Katrina. The tragedy is that the solution served to create what Adams has referred to as Chronic Disaster Syndrome—where alienation becomes a way of life:

New Orleans points not to the failure of a particular set of policies but, rather, to the success of these policies in achieving other goals pertaining to the growth of the private sector and debilitation of the public sector, the erasure and eradication of the poor, and the rendering invisible of the true recovery needs of communities post disaster. In the wake of such successes, we witness the trauma of lost lives, families, and cities. (Adams, V., T. Van Hattum, and D. English, "[Chronic disaster syndrome: Displacement, disaster capitalism, and the eviction of the poor from New Orleans](#)")

It may seem a callous approach, but for the supporters of a neo-liberal democracy, disasters provide the opportunity to implement the economic objectives that will supposedly lead to a better world. In [his article for the Postil](#) Dugin states that Fukuyama claims that: "The United Nations Security Council has proven once again to be useless. The only helpful thing was the General Assembly vote, which helps to identify the world's bad or prevaricating actors."

In this thesis, Fukuyama is referring to the need to dissolve the UN and create in its place the League of Democracies; that is, fully subordinate to Washington, states that are willing to live under the illusion of "the end of history."

It is tempting to dismiss this as yet another conspiracy theory; but there is no need for an elaborate conspiracy theory. Instead, we need to see it as the logical outcome of a chain of reasoning that assumes that in order to enjoy the full benefits of living in a liberal democracy, everything must be subordinated to the creation of a free market economy. The argument is based on Adam Smith's idea that in a free-market economy there is an invisible hand that ensures that the best interests of society as a whole are fulfilled. Individual self-interest and freedom of production and consumption will ensure that the best of all possible worlds is created. With the end of the cold war, it was assumed that a new era would be ushered in: an era where globalization under the auspices of the USA would see an end to national sovereignty—the world would become a collection of free markets.

## **So, Who Benefits?**



The problem is of course that the utopian vision of a global collection of free markets, markets guided not by government but by the invisible hand of what was regarded as enlightened self-interest, has not eventuated. There are several reasons for this. The end of the Cold War has not been the end of history. The end of the Cold War represented an opportunity for the revival of nationalism—not only for countries which were part of the Soviet bloc, but also for the national minorities within Russia itself. Secondly, whilst the rhetoric of democracy became widely accepted, the way it was interpreted depended very much on the culture and history of the various countries. It is fair to say that it did not herald a global commitment to human rights, or political transparency. Furthermore, one can discern strategic manoeuvring, as the various major powers attempted to ensure that the outcome of elections corresponded with their interests. Much of the pre-history of Ukraine needs to be viewed through this spectrum.

Ukraine is of strategic interest both to the West and Russia. Russia has always had to face the problem that for much of the year it was icebound; Ukraine gives it access to the Mediterranean. A Ukraine that is sympathetic to the West is a major strategic problem. Little wonder that the post-Cold War history of the Ukraine has been one of interference in its democratic processes.

For the West, the Ukraine presents an opportunity to encircle Russia, giving it extra leverage as it seeks to control Russia's resources. Furthermore, in encouraging and facilitating the war in Ukraine, it provides a boost for the sale of US, UK and French armaments.

It is here that we see disaster capitalism at work. The narrative of Ukraine being the unprovoked victim of naked Russian aggression has ensured that there are virtually no voices raised in opposition to the way the West has behaved in the conflict. The war has been reduced to a war against evil; I have lost count of the number of attempts to frame this in terms of Hitler's road to war.

The war plays into another narrative that supports the cause of neo-liberalism. Although governments remain largely committed to neo-liberalism, some economists have sought to develop alternative narratives. Thus, we find that [Raworth](#) has developed an alternative economic model—so-called “doughnut economics”—her argument is to show that there is an ecological ceiling that we cannot afford to overshoot.

In a similar vein, [Trebeck and Williams](#) make a compelling case that the unrelenting pursuit of growth poses a great risk both to our own well-being and that of the planet. They propose an alternative



economic narrative—that of arrival—their idea is that as the benefits of continued growth are experienced by fewer and fewer people, we should be aiming for a fair distribution that will enable us to all live well. Furthermore, in central Europe a group of thinkers have established what they refer to as Common Good Economics; like the models of the other economists, it represents a departure from the neo-classical paradigm and offers the hope for an alternative way forward.

The Nobel prize-winning economist [Stiglitz](#) has undermined another aspect to the dominant economic narrative. He argues that the economy is our creation, that there is no “invisible” hand that guides the free market; economic systems are our creation and hence we can change them at will. In a world where most people in democracies are concerned about climate change these systems offer a credible alternative.

This also provides the most important benefit of the war. The war means that Russia and Ukraine, the two biggest producers of wheat, will struggle to provide the world with food. In that event the world will be facing an unprecedented disaster. But we also know that there is enough food to feed the world—it will be a matter of distribution. The global disaster will create the conditions that will facilitate the implementation of these policies that foster the growth of the private sector and debilitation of the public sector.

Has this all been thought out to this extent? Of course not. All that we can say with some degree of certainty that the decision to encourage the war in Ukraine is based on a belief that Russia and Putin are evil and must be stopped. The reason that they must be stopped is that they are a roadblock to the full development of a global neo-liberal ideology. To quote Alexander Dugin:

But the proponents of the end of history have not been complacent. They are so enmeshed in their fanatical models of globalization and liberalism that they do not recognize any other future. And so, they began to increasingly insist on a virtual end to history. As in... if it's not real, let's make it look like it is. In essence, the policy of controlling consciousness, through global information resources, network technology, the promotion of new gadgets, and the development of models for merging people with machines, has been bet on. This is the “Great Reset” proclaimed by the creator of the Davos Forum, Klaus Schwab, and adopted by the U.S. Democratic Party and Joe Biden. The essence of this policy is as follows: while the globalists do not control reality, they completely dominate virtuality. They own all the basic networking technologies, protocols, servers, etc. Therefore, based on a global electronic

hallucination and total control over the consciousness, they began to create an image of the world in which history had already ended. It was an image. Nothing more. But the tail seriously decided to wag the dog.

This view is consistent with Rawls's critique of neo-liberalism who argued that the problem is that neoliberalism is undemocratic in that it allows "very large inequalities in the ownership of real property...so that control of the economy and much of political life rests in a few hands" ([\*Justice as Fairness\*](#), p. 138). Rawls was concerned that neo-liberalism diluted the capacity of citizens to retain control over the levers of economic and political management.

The reality is that we, the Ukrainians, and the Russians are pawns in a game of global chess that is being prosecuted on behalf of that 10% of the global population whose lives will remain largely untouched by the war. The millions of refugees, the food shortages and energy shortages, the people who will die of hunger—these will be the victims of a conflict that is being prosecuted to gain control of increasingly scarce resources. Already Russia and the West are promoting a narrative that seeks to blame these miseries on the protagonists. For the West it will be Putin who is responsible and in Russia it will be the USA and Europe. As flies to wanton boys are we to the superpowers, they but kill us for their sport.

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*[Featured image](#): "View in Perspective of a Perfect Sunset," by Eugène Berman; painted in 1941.*

