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## **From War to War: The State, the Economy and Social Spending**

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The last couple of weeks have seen the start of one war and, less heralded, the end of another. The bombing of Afghanistan and the war on terrorism began in earnest October 7th, and about the same time the “war on the deficit” ended quietly for the US economy.

While some observers may have been astonished to see President Bush come forward with a big package of government spending, especially social spending, he was simply following the well trod path of history.

The numbers now coming in confirm that the U.S. was in recession before September 11th. Job losses in August were the highest since the US economy was last in recession, in February 1991.

The response of the US President and Congress has been to spend, and by no means only on the armed forces or airport security. If the political consensus holds, unemployment benefits will be extended. The minimum wage will go up. New spending will go to Americorp, a programme for young people to earn college tuition by doing community service. The funding for the Special Nutrition Program for Women, Children and Infants will rise. And so on.

Despite all the talk of “new” kinds of wars and warfare, the US government’s action replicates that of other states for much of modern history. The ways of waging war in the 21st century may need to be adapted to new technologies, but the social and economic needs underpinning it differ little from those already visible in the 19th century. In the last three weeks the Bush Administration has rediscovered what other states learned in previous wars. Victory requires concerted action in the economic and social realms at home. The domestic front is as crucial as the international.

War-time governments have done fast and hard thinking about how to innovate. Managing the economy and modernizing social policy has been part of every war effort. Indeed, the history of social policy development teaches us that some of the most creative moments and times of greatest social learning have come when people under threat put their heads together to secure the future.

When Britain mobilized for the Boer War in 1899, army doctors had to refuse hundreds of young men from cities and working class backgrounds because they were too spindly, suffering from everything from rickets to tuberculosis. This new social knowledge brought an immediate response,

by no means focused entirely on soldiers. Medical Officers of Health came into their own. Public health initiatives cleaned up cities and brought safe water, as well as programmes for infant feeding and Friendly Visitors to teach new mothers about infant care and housekeeping.

The Second World War, too, was a time of great innovation in social thinking, with the groundwork being laid for familiar post-war social programmes, as well as macro-economic policies of counter-cyclical spending. Housing for workers and low-income families was built, family allowances planned, child care centres opened, university tuition for veterans planned. The list goes on. The post-war boom, which lasted the better part of thirty years, was in no small part a result of such creativity under pressure.

Canadian policy makers today would be well advised to think about what is going on in the US as well as to reflect a bit on history. States make war. Market forces do not. Each time, war has brought home the same lesson, that government leadership is needed, and that governments have their own responsibilities for ensuring the well-being of their populations at home.

This is not the time, in other words, to sacrifice already committed or planned public spending in the name of spending on security. To be sure, new money will have to go to the armed forces and other areas of security, too long neglected by deficit conscious governments. But the choice is not either/or.

September 11th and subsequent events have shocked major states into a recognition that their own actions are key to economic and social well-being as well as to security. This is not the time to falter. It is precisely the time to keep moving forward, on the skills agenda, for example, and that for early childhood, on identifying an urban agenda and building strong and safe communities, on addressing the needs of young people, including Aboriginal youth and ethno-cultural minorities at-risk, on taking up the challenge of building affordable housing, ensuring quality health care, and so on. Nor is it time for Canada to withdraw from its international commitments to development assistance.

Strengthening Canada for what lies ahead requires strengthening the social underpinnings so vital to our success.

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