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The Legacy of the Cold War: Economics Stuck Between Two Worlds



Alongside current writings, it is essential to sometimes engage in historical studies to correctly understand the causes of what is happening to us today. I do not believe that we will go in the right direction with evaluations disconnected from the past or with an outlook that judges the past through today's conditions. Therefore, in this week's article, I wanted to analyze the Cold War period.

The Cold War was one of the most pronounced political and military conflicts of the 20th century, leading to profound changes in the global economy.

The leadership struggle between the United States and the Soviet Union triggered competition not only in terms of arms but also in economic ideologies.

This period, in which capitalism and socialism were prominently featured, divided the world economy into two poles, directly influencing countries' policies for opening up to the outside and trade dynamics.

On one side, the West, turning towards economic reconstruction with the **Marshall Plan**, and on the other side, socialist approaches that gathered various countries supporting the Soviet bloc transformed not only economic relationships but also the internal structure of the countries.

Defense spending rose to such an extent that a significant portion of many countries' budgets had to be allocated to military activities. Consequently, while these expenditures hindered economic development, they also led to leaps in technology and industry, which did not benefit the public but strengthened the powers that be.

It must also be acknowledged that the space race between the two sides opened the doors not only to scientific advancements but also to today's new markets and job opportunities.

The Economic Shock of Unconventional Wars: Stability

or Instability?

The legacy we inherited from the Cold War is the "unconventional war." Many contemporary conflicts are manifesting as forms of unconventional warfare. Such conflicts primarily create regional instability, while the global economic repercussions are inevitable. The economic effects of this type of warfare are not only hidden in the noise of bullets and bombs; they also manifest through waves of refugees, uncertainties in trade routes, and lost investment opportunities.

The destruction of infrastructure in areas affected by unconventional wars does not only slow down economic growth but also makes these countries dependent on foreign aid in one way or another.

The demographic changes brought about by refugees put pressure on host countries, leading to social and economic imbalances. For instance, the civil war in Syria generated serious waves that created a migration crisis at both regional and international levels.

As European countries attempted to cope with this situation, their internal dynamics and political structures faced significant tests.

The threat perception created by unconventional wars has encouraged countries to arm themselves further and increase military spending

On the other hand, the increase in global security expenditures is another noteworthy point. The threat perception created by unconventional wars has encouraged countries to arm themselves further and increase military spending. This development diverts economic resources away from industry and social services to security.

The implications of these two strategic conflicts are critical for understanding the complex structure of today's economy. Both the Cold War and unconventional wars

present universal issues that require analysis not only from a military perspective but also in terms of their economic and social dimensions.

Today, the lessons we can draw from this past can offer critical insights for preventing future economic instabilities.

For those wishing to cite scientific studies from the articles of Tomorrow's Affairs, I share this summary below:

Cold War Era

Military Expenditures: The military spending of the United States and the Soviet Union led to a diversion of a significant part of both countries' economic resources to the military. This resulted in an arms race and the growth of the defense industry.

Bipolar Economic Systems: The Cold War was a setting for the competition between two main economic systems (capitalism and socialism). This situation influenced the economic policies and trade relations of countries worldwide.

Support for Developing Countries: While the U.S. developed programs like the Marshall Plan to support capitalist countries, the Soviet Union aimed to increase its influence by supporting socialist movements. This increased competition in markets where both sides had an impact.

Alliances like NATO and the Warsaw Pact divided global trade structures

Development of Global Trade: Alliances like NATO and the Warsaw Pact divided global trade structures. However, the trade and cooperation between these two blocs also contributed to the growth of economies in certain regions.

Technological Advancements: Competitions

such as the space race accelerated technological developments, creating innovations in both military and civilian sectors. This also contributed to global economic growth.

Unconventional Wars

Economic Instability: Unconventional wars have created instability, especially at local and international levels. Economic structures in conflict-affected areas have been destroyed, and the investment climate has been adversely affected. This situation has created new job opportunities.

Migration and Refugees: People fleeing conflicts have strained borders and created an economic burden in new regions. This situation has pressured both host countries and required resources for the integration of refugees. The size of the informal economy has increased.



While the Cold War deepened the conflict between economic systems, unconventional wars created economic instability at both local and international levels - Emre Alkin

Impact on Regional Economies: Unconventional wars negatively impacted security and economic cooperation in many continents. The security of trade routes in the region has diminished, disrupting commercial activities and increasing logistics costs. However, this has also led to increased revenues for transportation companies. The flames of inflation have remained constantly alive.

International Aid and Humanitarian Relief:

Post-war aid activities, while sometimes providing temporary economic revitalization, have raised questions about the self-sufficiency of countries in the long term.

Global Security Expenditures: Unconventional wars have increased international security expenditures, leading to further growth in defense budgets, making it more difficult to achieve lasting peace in today's context.

I can say that both the Cold War and unconventional wars have created complex dynamics affecting the global economy, shaping trade, investments, technological developments, and international relations.

While the Cold War deepened the conflict between economic systems, unconventional wars created economic instability at both local and international levels.

I wonder if the architects of these processes could have foreseen that the effects would be this profound? I do not know. However, it is not mere divination to state that as long as the number of those who forsake equality and justice in order to live happily and wealthy does not equal the number of those who wish to live freely and equally, the world cannot settle down.