



By: *Emre Alkin*

# Wars do not resolve crises; rather, crises give rise to wars



For those who wonder where this protectionism came from, let me move on to its history: According to the Historical School of German economists, classical economic theory has generally used the deductive method while building its theoretical framework, abstracted, and given too much emphasis to rationality.

A logical framework has emerged, but this framework does not align with reality. Because it is not always possible to present valid economic principles for every time and every country.

Societies are in a constant state of change and renewal. "For this reason, economic science should investigate this change and renewal in cooperation with history and other sciences," they say.

What they want to express is this: If there are no universally valid absolute laws in economics, then there is no natural order based on the universality of classical economics.

Therefore, economic liberalism cannot lead society to optimum welfare; instead, government interventions based on the situation can do that. Furthermore, there is no liberalism in the context of countries.

Continuous customs protection is necessary for the protection of the national economy. As understood from this, protectionism is primarily a German invention.

## Trump and his associates simply do not want a free market

The reason is clear: in the 19th century, Germany lagged behind England and France in industrialisation, leading to an underdevelopment complex among the thinkers of this country, as well as a reaction against classical liberal doctrine.

Consequently, rather than seeking to

industrialise the country rapidly through individuals, it was desired to assign the state the task.

However, despite the desire to increase the state's weight in economic life and the criticism of classical liberal doctrine, the historical school has never possessed a fully anti-capitalist nature.

**Trump and his associates are not opposing capitalism, they simply do not want a free market**

Trump and his associates are not opposing capitalism, they simply do not want a free market. In other words, they are against liberalism but alongside capitalism.

In this week's article, I wanted to ease the concerns of those observing the collapsing global markets amid the madness of protectionism by giving a few historical examples.

Even though it seems like there's always something worse, and even if the absolute figures of losses frighten people, looking at it proportionally reveals that this is not the worst experience ever encountered.

## Similarities with 21st-century crises

The first global crisis of capitalism is accepted as the Great Crisis of 1857-58. This crisis shows interesting similarities with 21st-century crises in some respects.

The collapse of the American bank called Ohio Life Insurance and Trust Company and the subsequent developments bear a striking resemblance to the bankruptcy of Lehman Brothers, one of the main protagonists of the 2008 crisis.

A banal view claims that only wars can overcome global economic crises. As evidence, the Second World War following the Great

Depression of 1929 is shown.

However, some experts assert that the crisis was overcome before the Second World War. Similarly, although it was hoped that an exit from the Great Crisis of 1857-58 would occur quickly, many link the economic recovery post-crisis to the American Civil War (1861-65).

**The Great Crisis of 1857-58 is a crisis that Marx had been anticipating for quite some time**

The Great Crisis of 1857-58 is a crisis that Marx had been anticipating for quite some time. The economic developments following August 1857 motivated Marx regarding the monetary crisis spreading from America to Europe.

As soon as the first signs of the crisis appeared, he dedicated all his writings in the New York Tribune, from which he partly earned his living, to crisis analyses and wrote more than a dozen articles between November 1857 and March 1858.

In a sense, he was like the Roubini of his time. In a lengthy letter to Engels on December 8, 1857, he evaluates many issues, from his family's financial problems to changes in banking laws that led to the crisis and fluctuations in agricultural product prices. However, Marx dies before the "deluge" he expected materialises.

## The 1929 Global Economic Crisis

The real deluge emerges in 1929. At the end of the 1920s, hundreds of investors create a speculative bubble in the US stock market. They even sign debts worth 8.5 billion dollars to make purchases on credit.

It should be noted that at that time, there was less money in circulation than this amount. On October 24, 1929, price-decreasing factors were triggered, especially in agricultural product markets, and investors, in a state of

great panic, collectively sold all their investments on the stock exchanges, deepening the 1929 Global Economic Crisis.

**The total losses in market value reached 30 billion dollars during the week of October 24, 1929**

Although the Rockefeller family and the executives of major banks attempted large-scale stock purchases to restore confidence in the markets, they could not stop the panic.

The total losses in market value reached 30 billion dollars during the week of October 24, 1929. I must point out that this amount is even higher than what the US spent in World War I.

As a result, the stock market collapses, workplaces shut down, and mass bankruptcies occur. The high demand for liquidity causes interest rates to rise.

## Crisis give rise to wars

Following the investigation into the economic crisis, the US Congress, as if validating Marx's objections from the previous century, passes the Glass-Steagall Act, known as the Banking Law of 1933, which stipulates the separation between investment and commercial banks.



*I believe we are living within a wild plan designed to rebalance power - Emre Alkin*

The panic finally subsides, but the crisis that spreads to Europe gives rise to Hitler and Mussolini. The aftermath is well-known: World

War II. From this, it is possible to say that wars do not resolve crises; rather, crises give rise to wars.

Now, why have I shared all this? In my [writings](#), I constantly say that 'the greatest war is approaching.' While approaching those who want to present such an experience as a prescription with caution, I believe we are living within a wild plan designed to rebalance power.

I see that reasonable people have been signalling the dangerous direction in which the world has been heading by writing or telling it for centuries. However, it seems that none of these warnings have had any effect. I will continue to relay this as loudly as I can from my corner. Perhaps someone will hear it.