

PALLADIUM

G O V E R N A N C E F U T U R I S M

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War by Other Means

In December 2024, the Ukrainian National Guard's 13th Khartiia Brigade carried out a combined ground and air assault near the town of Lyptsi. Air assets coordinated with dispersed ground forces bounding from cover to cover. Dozens of attackers overran Russian positions, cleared mines in the vicinity, and laid down a defensive perimeter around the captured territory. But not a single Ukrainian was present on the battlefield.

To achieve this, soldiers piloted a mix of unmanned ground vehicles mounted with machine-gun turrets, aerial drones bristling with grenades and assault rifles, and more conventional kamikaze drones. This experiment allowed the Ukrainians to trade valuable human advantages like spatial awareness and tactical flexibility for the assurance that their only casualties would be robotic. For a country suffering severe manpower shortages, such a tradeoff was welcome amid a gruesome war of attrition fought against an adversary with more than three times its population.

The growing use of drones is both a cause and a consequence of an ongoing transformation of military power. As robotic soldiers mature on the battlefield, defense planners are beginning to rethink the tradeoffs they pose in combat in favor of the labor-saving benefits they provide. One vision of "America First" foreign policy argues that downsizing American personnel abroad could be amply made up for by increasing the use of unmanned munitions, driving costs down and bringing soldiers home without weakening deterrence.

Combined with recent and forthcoming improvements to industrial automation, all signs point toward governments relying on a much smaller pool of human capital for labor and war. Accordingly, this means that a fundamental source of political power has begun to shift from the people toward the firms that make those machines. This is leading to an

erosion of the popular constraints that have historically disciplined the use of force, and an ever-greater insulation of the state from revolutions and popular uprisings.

For some countries like Ukraine, this reliance is born of immediate necessity. Yet even for powerful countries like the United States, the growing reliance on commercial industry in areas like robotics and AI raises fundamental questions about the basis of sovereignty and the future of the liberal-democratic social contract.

The Dawn of Robotic Warfare

Although humans remain predominant on the battlefield, many of the advantages they held have shifted in favor of robots. For instance, while humans struggle to quickly communicate detailed, accurate information in a chaotic environment, data transmission between robots is immediate and precise. Target assessment by ground units can be relayed to air support almost instantaneously, and automated command centers can process more information than any human operator. Machines do all of this without becoming sick, hungry, tired, confused, distracted, or disobedient.

A gap between human and machine capabilities remains, however. Most systems require persistent wireless links, and electronic jamming has become widespread on the battlefield. Both Ukraine and Russia now use lightweight fiber-optic tethers to maintain physical connections, limiting range and mobility. Full autonomy has only just begun to impact military strategy, but its use is increasing—both sides of the war in Ukraine have fielded fully autonomous drones, which are confirmed to have taken the lives of human combatants. As the technical constraints are overcome, the military “tooth” may increasingly become machine-run, with humans receding into a “tail” involving maintenance, refinement, and training.

Slowly but surely, the absence of humans on the battlefield is becoming normalized, creating structural preconditions for an eventual handover to full autonomy. On its face, this trend seems humane—fewer soldiers, fewer deaths—but it also risks changing the political costs of war, which becomes more palatable, even routine. “Forever wars” emerge from such a disjunction between military effort and political consequence.

While human soldiers remain more versatile than their robotic counterparts, the tradeoff between the two depends on the marginal

value a state places on military effectiveness relative to the value it places on its capital and labor reserves. Ukraine, for example, faces an exceptionally challenging demographic situation as outmigration, aging, and the casualties of war bleed the country dry. In this situation, even inferior robotic soldiers will be a worthwhile investment if it means preserving a limited supply of workers and conscripts. Conversely, a comparatively labor-rich state like Russia may choose to forgo fielding more advanced robotic soldiers. While Russia faces well-documented long-term demographic decline, its willingness to mass-mobilize military reserves creates a functional labor surplus relative to its capital-constrained access to advanced microelectronics and high-tech components.

The speed at which militaries will field robotic soldiers exemplifies the broader capital-labor tradeoffs states make when choosing a grand strategy consistent with domestic necessity. As machines play a larger role in combat, partnerships with the private-sector organizations that design, program, maintain, and operate them continually grow in importance.

Outsourcing War

Ukraine has heavily relied on these types of partnerships, and a diverse mix of foreign and domestic companies is now integral to its war effort. Take Palantir, a company known primarily for its software and data analytics. Its CEO, Alex Karp, visited President Volodymyr Zelensky soon after the Russian invasion in 2022. Since then, Palantir has provided valuable strategic resources to the Ukrainian military. During the 2023 counteroffensive, for instance, Palantir's software helped Ukrainian forces track Russian positions in real time and target units using machine-vision algorithms.

Palantir is but one of many companies taking part in what some have described as Ukraine's "war laboratory," providing the physical capital and technical expertise otherwise unavailable to the Ukrainian government. Reforms to Ukraine's military acquisition system have increasingly encouraged this public-private model, in turn sparking domestic entrepreneurial energy and a new generation of defense-tech startups.

These dynamics point toward a transformed political landscape where military power is drawn less from public institutions and more from

private enterprise. By equipping states like Ukraine with the capabilities they need to survive in a competitive international system, firms like Palantir compete with government institutions in the provision of public goods and core military functions. This reliance comes with built-in leverage. The strenuous efforts of Ukraine and Russia to maintain access to Starlink illustrate just how much sway the foreign policy of CEOs like Elon Musk can hold over modern military conflicts.

Great powers like the United States are just as beholden to these relationships. At the end of the Cold War, the United States faced significant domestic pressure to downsize its military and reduce defense expenditures. This resulted in a reduction of the amount spent on the military relative to GDP, but at the cost of contracting out many military functions to the private sector. During the War on Terror, defense expenditures rose, but many core roles—the design of weapon systems, aircraft maintenance, intelligence functions—remained outsourced, especially as the expertise they required increasingly sat in the private sector. This has led to scenes such as SpaceX and the Pentagon haggling over the “subscription tier” used to control unmanned munitions in the recent Iran war. The end result was each drone becoming twice as expensive in the middle of hostilities, pointing to how the labor-saving aspects of robotic munitions are undercut if the wider ecosystem that produces them drives up the price.

Private firms, unconstrained by public pay scales and hiring bureaucracy, can outcompete governments for the highly skilled labor that complex military technologies demand. This imbalance is reinforced by the increasing importance of dual-use technology, which gives the private sector flexible access to both military and non-military markets. In areas like AI, the military has become deeply dependent on commercial firms for access to the best models, data infrastructure, and talent. It’s no wonder that arguably the most discussed topic in the U.S. defense scene today revolves around finding ways for the military to successfully integrate the private sector into its development and procurement processes.

This raises several dilemmas. Take software development, for instance. Once embedded in military workflows, planning software like Project Maven—originally built with Google, then picked up by Palantir and augmented by Anthropic to be used for the war in Iran—can be

difficult to customize or replace without ongoing access to its developers, hence the “forward-deployed engineer” model popularized by Palantir. However, the vast amount of labor and intellectual property that goes into this software has led to corporate calls for negotiations with the government centered on the long-term ownership of important algorithms and data. This may entail companies retaining some degree of ownership rights.

Fortunes are often at stake in these matters. Maven began as a \$70 million contract with \$9 million earmarked for Google, but it grew into a program worth \$1.5 billion, with nearly \$800 million of it fulfilled by Palantir. Considering how deeply software is integrated with operational or strategic planning, not just weapon targeting systems, the political calculus inherent to such planning is partly determined by actors who do not represent the state. If the state continues to delegate development and maintenance to the private sector for efficiency, the transaction costs of reasserting control will only continue to escalate. As these technical processes become more complex and dynamic, the tacit knowledge necessary to even audit these systems becomes further entrenched within the firm, deepening the asymmetry of the relationship between state and corporate capabilities.

Managing this relationship remains a constant balancing act. Tech companies can walk away from contracts when faced with employee backlash, shifting corporate priorities, or changing leadership. Google’s decision to exit Project Maven in 2018 after employee protests was an early demonstration of how fragile these partnerships can be. As the disagreement between Anthropic and the Department of War over AI’s use in autonomous weaponry turns from sanction into legal dispute, it demonstrates just how indispensable the capabilities provided by private firms have become to military strategy. That the U.S. military continued to use Anthropic’s Claude during its strikes on Iran shouldn’t come as a surprise.

One might argue that the state ultimately retains the trump card of nationalization. If a firm becomes truly vital to state survival, the government possesses the legal and physical power to seize it. Yet in the context of the technology race inherent to modern warfare, this option is illusory. The strategic value of modern defense firms lies neither in the equipment they produce nor the intellectual property they hold; it is in

their unique organizational capacity for rapid innovation. Nationalizing these industries risks destroying the market-driven incentive structures that generate their comparative advantage in the first place—if the U.S. government nationalized Anthropic tomorrow, how many of its staff would opt to stay rather than leave for another frontier lab?

Consequently, states today find themselves in a bind: to maintain the military effectiveness required for survival, they must allow the sources of their coercive capacity to remain in private hands, thereby structurally ceding political leverage to private capital only tangentially aligned with the state's goals. Governments reluctant to go down this pathway will functionally be trading economic and military performance for political virtue.

Sovereign Power

To understand how the social contract is being rewritten by these developments, we must understand its foundations. From a Hobbesian view, the legitimacy of political authority rests on the collective agreement among individuals to authorize a sovereign to monopolize their coercive capacity. By conceding some individual rights and subsuming themselves within the state, the citizens of that state hold anarchy at bay.

This bargain, however, entails a recognition that the sovereign's power ultimately rests on its ability to wield its citizens' coercive potential. Were the sovereign to abrogate its duties, the logic of the bargain breaks, and the citizens might repossess their coercive capacity. Draft-dodging, desertion, and mutiny are all manifestations of this—each has been seen in the Ukraine war—but they are solved problems when robots predominate. Today, the creators of war machines can take actions that signal their disagreements with the state, such as in the case of Anthropic and Iran, or Musk denying Ukraine access to Starlink in Crimean waters, but for now there is a lack of inter-elite coordination on such matters.

The social contract has always depended on an alignment between the sovereign and the source of coercive capacity exercised by actual people. Frequently, those people have been the few as opposed to the many, especially during periods where the dynamics of labor, capital, and organizational capacity have favored smaller groups of wealthy military elites, such as those of medieval Europe or Japan.

Of course, human labor-power alone is insufficient to coerce others. As military technology became more complex and intertwined with the civilian economy, governments needed to rely on specialized groups dedicated to the logistics or production of military power. Over time, the rising costs of this relationship induced states to experiment with novel financial instruments to fund both the production and employment of military force—wars create debt, and debt creates finance. This synergistic rise of state, industrial, and military capacity peaked just as the nation-state and the mass army rose to dominance, resulting in the rise of total wars, which entailed the mass-mobilization of the state's labor and capital reserves.

With the advent of the nuclear revolution, computerization, and precision targeting, however, the shrinking marginal value of labor reversed the advantage of mass armies. As the drive for military effectiveness increasingly privileged high-tech capital, the most powerful states saw the need to maintain large-scale investments in industrial and R&D sectors to stay competitive.

If this trend toward substituting machines for human labor on the battlefield continues, the source of coercive capacity and the vector of political upheaval will correspondingly continue to shift away from labor and toward capital. Once the sovereign can rule the citizenry without needing to co-opt their coercive capacity, relying instead on corporate persons, the old social contract breaks.

In turn, the competitive pressures of the international system may end up rewarding those states that organize around a new social contract—one more representative of the source of the sovereign's coercive power. Today, private firms are increasingly becoming the source of this power, with fractious public-private partnerships providing early evidence of this fact. Countries like Ukraine are especially vulnerable to this new social contract, and it will take the continued development of domestic high-skilled labor and industry to prevent them from being beholden to the interests of foreign capital.

Political uncertainty will become ubiquitous in this new world where human labor is no longer the principal source of coercive capacity, and to avoid the worst possible futures, we must be clear-eyed in recognizing the structural problems that lie ahead. But although it might be possible

to completely substitute human labor with machines in factories and militaries, no such substitution can exist in the political world so long as politics remains a fundamentally human endeavor.

A new social contract looms in the distance, and we ought to grapple with that fact sooner rather than later if the people are to have a place in it. “War,” as Clausewitz so famously pointed out, is and will forever remain the “continuation of politics by other means.” It would do us good to remember that no matter how much war becomes dependent on capital and technology, politics is, and continues to remain, our domain.

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