



Written by [Jack Kenny](#) on January 28, 2011

## Military-industrial Spending Spree

“Avoid the necessity of those overgrown military establishments, which, under any form of government, are inauspicious to liberty, and which are to be regarded as particularly hostile to Republican liberty.” — George Washington, ?Farewell Address, September 17, 1796 “In the councils of government, we must guard against the acquisition of unwarranted influence, sought or unsought, by the military-industrial complex.” — Dwight Eisenhower, ?Farewell Address, January 17, 1961 Long before President Dwight Eisenhower warned the nation about the dangers of “an immense military establishment and a large arms industry” in the “Farewell Address” he delivered 50 years ago last month, Americans were familiar with the “unwarranted influence” of “overgrown military establishments.”



In the early days of the Republic, Americans, having just thrown off the yoke of the British empire, were understandably suspicious of standing armies in peacetime. The Bill of Rights, ratified in 1791, banned the British practice of quartering soldiers in people’s homes without their consent and protected the primary role of militias in defending the states by declaring “the right of the people to keep and bear arms.” And it was the militias in the several states that Madison had in mind when he assured his readers that if an army of the federal government should threaten the liberties or the safety of the people, it would be met by “near half a million of citizens with arms in their hands, officered by men chosen among themselves, fighting for their common liberties and united and conducted by governments possessing their affections and confidence.” The national army was kept intentionally small in peacetime, expanded in times of war, and reduced to prewar levels at the end of hostilities.

### Beginning of the Build-up

That was the pattern followed through the end of World War I, a time when many were beginning to question why America had entered the war in the first place, thereby entangling the country in the political economic and ethnic rivalries of Europe. Investigations revealed that while the United States had been officially “neutral” during the first three years of that war, billions in loans from American banks and the steady sale of arms and ammunition to the British government had created a vested interest in British victory on the part of influential manufacturing and financial interests and strong incentive to see America enter the war. The munitions industry came under fire during the post-war period and books like *Merchants of Death* by Helmuth Engelbrecht were best-sellers. A special committee of the Senate, chaired by Republican Gerald Nye of North Dakota, charged that the United States had entered the war to make the world safe for bankers’ loans and munitions-makers’ profits.



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As World War II raged through Europe, Asia and parts of Africa, American industry, dormant during the Great Depression of the 1930s was revitalized and transformed into the “Arsenal of Democracy,” producing weapons and supplies for the Allies. As President Roosevelt described it in his radio address of December 29, 1940, the entire economy was on a war footing. “Manufacturers of watches, of farm implements, linotypes, cash registers, automobiles, sewing machines, lawn mowers and locomotives are now making fuses, bomb-packing crates, telescope mounts, shells pistols and tanks.” Despite Roosevelt’s assurances that America’s fighting men would be kept out of the war, his embargo on trade in oil and other commodities with the Japanese empire led to a series of diplomatic crises, ending with the Japanese bombing of Pearl Harbor. As Secretary of War Henry Stimson wrote in his diary on November 26, 1941, “The question was how we should maneuver them into firing the first shot without allowing too much danger to ourselves.”

By the end of the war, America’s industrial plants had produced 2.4 million military trucks, 100,000 tanks and armored cars, 41 billion rounds of ammunition, 124,000 ships of all kinds, and about 300,000 airplanes. In all, the nation spent \$184 billion on munitions between June 1940 and June 1946.

After the war, America began to demobilize, but there would be no “return to normalcy,” as President Harding had called for at the end of the previous war. The beginning of the Cold War with the Soviet Union, the fall of China to the communists, and the Korean War put America on a wartime footing that has become more or less permanent, whether we are in undeclared “shooting wars,” as in Korea, Vietnam, or our current wars in the Middle East, or in times of relative peace, most notably during the decade between the breakup of the Soviet Union and the terrorist attacks of September 11. Today America resembles a worldwide garrison state, with our 1.5 million military personnel scattered over more than 4,500 military sites in our own country and more than 700 bases in 130 foreign lands. (The number of bases may actually be higher, since the Pentagon does not count bases with a “Plant Replacement Value” of less than \$10 million.) Add to that all the billions awarded in defense contracts each year and the large number of people employed in defense-related industries, and Eisenhower’s words, which may have seemed dramatic at the time, seem more like an understatement today: “The conjunction of an immense military establishment and a large arms industry is new in the American experience. The total influence — economic, political and even spiritual — is felt in every city, every statehouse, every office of the federal government. We recognize the imperative need for this development. Yet we must not fail to comprehend its grave implications.”

Yet the military strategy followed during the eight years of the Eisenhower administration contributed mightily to the to the “grave implications” the President raised. Eisenhower did reduce the size of our armed forces after the Korean War, shrinking the military manpower from 3.5 million to 2.75 million by the end of his second year in office and reducing defense spending from \$45 to \$36 billion. But the reductions also reflected an increasing reliance on nuclear deterrence to offset the numerical advantage that the Soviet Union and its Warsaw Pact allies had in conventional forces. The Soviets, building a nuclear arsenal of their own, cut their own military manpower by 40 to 50 percent between 1955 and 1961, according to the *Encyclopedia of the American Military*. For both countries, the reliance on nuclear hardware made inevitable the harnessing of science and technology to the service of the military for the development of larger, more powerful warheads, missiles and guidance systems, and other high-tech weapons.

Campaigning for President in 1960, John F. Kennedy charged that the Eisenhower administration had created a “missile gap” by allowing the Soviets to move ahead of the U.S. in missile production. In fact,



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a huge missile gap existed at the time, but it was in favor of the United States, which then had at least 200 operational missiles while the Soviets had fewer than 16. Secretary of Defense Robert McNamara later claimed that the myth of the missile gap was “the result of incomplete intelligence,” but by that time an enormous arms build-up was already underway. By the end of the decade, the United States would have more than 1,000 ICBMs, with the Soviets rushing to catch up. The arms race was underway. Kennedy also expanded the size of the army with an emphasis on a “flexible force” that could counter communist aggression at any level anywhere in the world. The decision to oppose communist insurgents waging guerrilla warfare in Southeast Asia brought Americans into Laos and Vietnam and led to increased demand for modern, mobile weapons. Orders for military goods and services went up from \$27.5 billion in 1964 to about \$42.3 billion in 1969, and the money reached every state and 363 congressional districts. Workers in defense and defense-related industries made up 10 percent of the nation’s workforce by the end of the decade, while the Defense Department had 1,342,000 civilian employees.

### **Under the Influence**

By the end of the 1960s, congressional critics were speaking out against cost overruns and malfunctioning weapons systems. Robert Benson, comptroller at the Defense Department under McNamara, wrote in the March 1969 issue of *Washington Monthly* magazine: “Few Americans are aware that about 90 percent of the major weapons systems that the defense Department procures ends up costing the country at least twice as much as was originally estimated.” In his 1970 book, *Report From the Wasteland*, Wisconsin Senator William Proxmire argued that the American taxpayers were not getting their money’s worth. “We have built tanks that do not work in the jungle; planes so complex they cannot function; guns and other weapons so fastidious that a team of mechanics and support troops is required to follow them around to keep them in repair, to fill out the forms to request new parts if the equipment proves ineffective.”

Then, as now, military procurement contracts served as a kind of “economic stimulus,” creating or preserving jobs in the states or districts of influential members of Congress. When Lockheed was nearing the end of its C-141 Starlifter contract at its Marietta, Georgia, plant, the company began its pursuit of a contract for another transport plane, the C-5A Galaxy. Without the new contract, the company said, it would have to lay off 10,000 workers. Marietta’s Mayor appealed to Georgia Sen. Richard Russell, then Chairman of the Armed Services Committee.

“The trouble was that Russell didn’t think that the C-5A was needed,” Mayor Howard Atherton said. But Russell obviously overcame whatever reservations he had about the project and went to bat for it. “Without Russell we wouldn’t have got the contract,” Atherton told Patrick Slogum of the Hearst News Bureau in Washington.

Russell’s initial reluctance was well founded, since McNamara was pushing funding for a fleet of fast logistic deployment ships that could move troops, cargo, or equipment faster and cheaper. According to the *Encyclopedia of the American Military*, “One of these ships, costing \$48 million, could carry more cargo, at a fraction of the cost in fuel, than the entire fleet of seventy C-5As, costing more than \$4 billion.” Yet Congress repeatedly killed McNamara’s plan. The Air Force and air industry lobbyists were apparently more persuasive than their Navy and shipbuilding counterparts.

The timely award of a procurement contract may effectively bail out a financially troubled company. General Dynamics was the nation’s largest defense contractor in the 1960s, with some 83 percent of its



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sales to the government. But the company was on the verge of receivership when the Kennedy administration came into office. What pulled the company out of its financial hole was the award of a \$5.8 billion contract for the TFX (later dubbed the F-111) joint Navy-Air Force fighter plane. Though the Pentagon's Source Selection Board repeatedly recommended a bid by Boeing as both better and cheaper, the Defense Department awarded the contract to General Dynamics. According to *Jane's All the World's Aircraft*, 1968-69, "Three of the first six F-111s delivered to Vietnam were lost in a matter of weeks and the type was grounded shortly afterwards." In a speech on the Senate floor, Kansas Republican Charles Curtis described various problems with the plane, including wings broken off during a "static ground test," just six weeks before the first planes were sent to Vietnam, and a plane that crashed on a training flight due to "a fatigue failure in the wing carry-through structure." But Curtis may have had another reason for denouncing the choice of General Dynamics for the project. As Washington journalist I.F. Stone pointed out, Boeing would have built the planes in Curtis' state of Kansas, with a mere four electoral votes, and in the State of Washington, which had nine. General Dynamics was in Texas, with 24 electoral votes, and its largest subcontractor on the F-111 was Grumman in New York, where 45 electoral votes were up for grabs. As Stone observed, any major new plane "must show it can fly successfully through the electoral college. Its aerodynamics must be designed for a maximum number of votes."

### **Foreign-policy Follies**

Military contractors are often a driving force in steering foreign policy in a direction that endangers real national security by promoting the pursuit of a U.S. global hegemony. Following the fall of the Berlin Wall in 1989, President George H.W. Bush reneged on a commitment to Mikhail Gorbachev not to expand NATO eastward if Russia did not oppose the unification of Germany. Both Bush and Bill Clinton promoted the expansion that brought NATO right up to the Russian border, bringing the Czech Republic, Hungary, and Poland into the alliance. Lockheed Martin was among the companies that lobbied for the expansion. Bruce Jackson, a vice president, served as president of the U.S. Committee to Expand NATO, an organization founded to promote the "widest possible expansion of NATO."

Bringing the country of Georgia into NATO, as is still being advocated by leaders of both parties, would further increase the likelihood that the United States would become embroiled in the conflicts of Eastern Europe and could well lead to armed confrontation with Russia. In 2008, Russia and Georgia engaged in a shooting war over the breakaway republic of South Ossetia. Had Georgia been a NATO member at the time, America and her allies would have been drawn into the war. Since NATO was founded as a defensive alliance against a Soviet Union that no longer exists, its dissolution, rather than expansion, might seem the logical course to follow. But the growing alliance has been a boon to the arms industry, since every new NATO member is required to upgrade its weapons systems.

Selling weapons to countries around the world is made more profitable for American manufacturers, since our government subsidizes the research, development, and production costs of the exports. Government-backed loan guarantees are also offered to countries looking to buy American weapons.

In her book *The New Nuclear Danger*, anti-nuclear activist Dr. Helen Caldicott noted that Clinton Defense Secretary William Perry, formally a paid consultant to Lockheed Martin CEO Norman Augustine, became an advocate within the administration for rescinding the 20-year-old prohibition on arms sales to Latin America. The ban was soon lifted, despite tremendous opposition by the State Department. Secretary of State Warren Christopher then instructed U.S. embassies to assist arms companies in international trade. The Defense Free Trade Advisory Group was established under the



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auspices of the State Department to advise on arms exports. Despite an obvious conflict of interest, members of the board included representatives from Boeing, United Technologies, Hughes, Raytheon, General Dynamics, and other leaders in the production and sale of arms and weapons technology.

In 2009, the United States signed arms deals worth \$22.6 billion with major clients in the Middle East, the world's most volatile region and the largest market for arms sales. U.S. sales totaled 39 percent of the world arms market. Russia was a distant second with sales of \$10.4 billion. For decades American weapons have been sold to nations on both sides of ongoing or potential conflicts — to both China and Taiwan, to India and Pakistan, to Israel and nearly every other country in the Middle East. We sold arms to the Taliban when they were fighting the Soviet Union and to Iraq when Saddam Hussein was fighting Iran. Some of those weapons are now killing American soldiers.

### **Men Minding the Machine**

It makes sense, apparently, to a military establishment seeking to project its power around the world, and to an arms industry seeking to expand its markets. And it makes sense to politicians whose campaign contributions from military contractors and their political action committees leave them favorably disposed to see every new weapons system as essential to our nation's defense. Between elections, members of the weapons industry sit in high places, bringing to the "councils of government" that "unwarranted influence" of which Eisenhower warned. Former Lockheed Martin Chief Operating Officer Peter Teets was appointed Under Secretary of the Air Force and Director of the National Reconnaissance Office during the Bush administration. The Secretary of the Air Force was James Roche, a former vice president at Northrop Grumman. Secretary of the Navy Gordon England was vice president at General Dynamics. Deputy Secretary of State Richard Armitage had been a member of Raytheon's board of directors and a consultant to Boeing. Senior Advisor to the President Karl Rove, who encouraged Republican candidates to support the Iraq War nine months before it started, owned between \$100,000 and \$250,000 worth of Boeing stock, according to his disclosure forms. By happy coincidence, Boeing has sold at least 40 commercial planes, worth nearly \$4 billion, to Iraq since Saddam Hussein's regime was toppled.

It's hard to imagine how all of the weapons we have purchased and the wars we are waging in the Middle East will prevent terrorists from slipping through our porous borders to hijack planes or blow up buildings. Our annual military budget has soared from \$300 billion to \$700 billion in the past decade and is, along with other profligate spending, driving the national debt toward the \$14 trillion mark. And the industrial component of the military-industrial complex isn't growing any poorer under President Obama, Loren Thompson of the Lexington Institute told the *New York Times*.

"The defense industry is pleased but bemused," said Thompson, who does consulting work for Lockheed Martin. "It's been telling itself for years that when the Democrats got in control it would be bad news for weapons programs. But the spending keeps going on."

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