

The war economy

by Pietro Mascetti, 11th January 2020

The American economy is a war economy. The Department of Defense (a misnomer since it is constantly on the offence) spending, is responsible for 3.5% of American Gross Domestic Product (national income). This figure is further emphasised since American GDP is the largest in the world and in fact, the largest in human history. So 3.5% of American national income is directly spent on war, just from the Department's own expenditures.

On a comparative level, the spending by the US military accounts for 40% of global military spending. In 2019, America spent over \$640 billion on war while this figure, supported by Democrats passing bills through the Congress, increases to over \$740 billion for 2020. These figures are four times greater than China's expenditure on the military.

American corporations are intimately involved in war industries. The corporation with the largest military contracts is Lockheed Martin. In 2019, it was awarded \$29 billion in contracts with the Department of Defence (DOD). Lockheed Martin employs over 126000 employees and has been awarded over 66000 contracts including manufacturing the F35 warplane. In 2018, Lockheed Martin earned over \$5 billion in profit with further growth for 2019 and 2020. War for Lockheed Martin is very profitable. Peace is not.

Boeing is famous for manufacturing the 747 passenger aircraft.

But it is also a major contractor with the DOD making the B-52 bomber as well as other equipment for war. It was awarded over \$14 billion in contracts with the Department and employs over 148 000 employees. In 2018. Boeing earned over \$10 billion in net profit.



Bill Gates Microsoft CEO and world's richest man

It is not just traditional weapons manufacturers who profit from and drive the US war economy. US Silicon Valley corporations are increasingly integrated into the war machine. Recently Microsoft pipped Amazon for a \$10 billion contract to run the Joint Enterprise Defense Infrastructure (JEDI), contract to provide the Pentagon with cloud services from storage, artificial intelligence processing and machine learning and the processing power to run military missions.

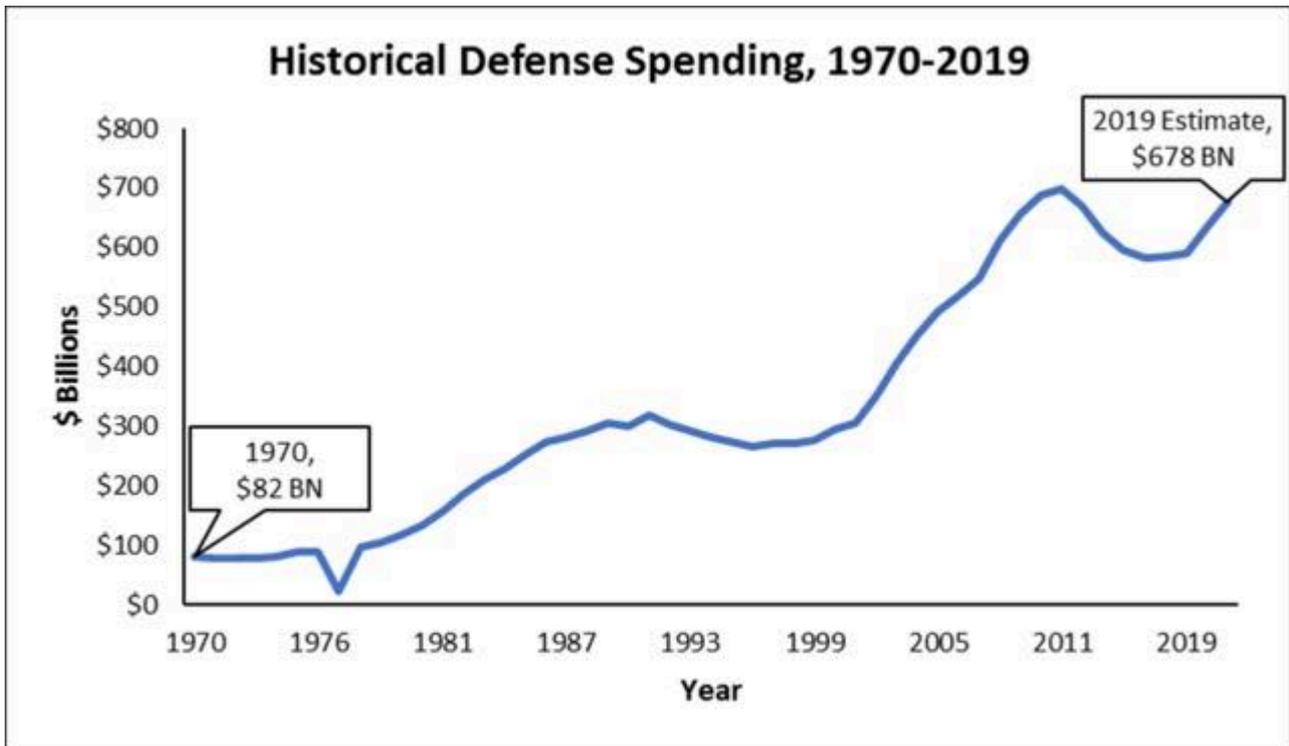
Capitalism demands returns. Investment in any form of economic activity, whether health, education or war,; demands returns. Profit is the return for investment and this applies no less to the military. When the American economy is dependent on the military industrial complex including the corporations that produce the weapons of war, peace is not an option. Peace is not profitable and capitalism depends on profits for its very existence.

A former US president, Eisenhower, warned his country of the dire consequences of the takeover of government by the military industrial complex. Departing the Presidency in 1961, he expressed alarm at the influence of military contractors on the government. And he warned against it. But his warnings have not been heeded. Today, no one in American capitalism speaks of peace as an option. And that is why the Democrats are just as vociferous as Republicans on war and its perpetuation.



Wreckage after drone strike killed Iranian General Soleimani and others 2nd Jan 2020

This is background that partially explains why new countries are being attacked and destroyed without any reflection on past atrocities by US Imperialism. One catastrophe follows another. There is no end. Yesterday, Saddam Hussein, today Maduro in Venezuela. Yesterday, Ghaddafi in Libya and today, Soelimani (an Iranian) murdered in Baghdad. Yesterday and today Afghanistan and tomorrow Russia. Perpetual war threatening the world with annihilation.



The other driver of US imperialist violence is the need for the US ruling class to maintain its domination over the world's resources and markets at the expense of its capitalist rivals. The division of the world into competing nation states makes war inevitable. The US as its economy weakens compared to rivals such as China and Germany is increasingly reliant on an ever expanding military budget to finance every more reckless military operations. Leon Trotsky, one of the leaders of the Russian Revolution observations of US imperialism in 1928 hold equally true today:

“In the period of crisis the hegemony of the United States will operate more completely, more openly, and more ruthlessly than in the period of boom.”

The economic crisis starting in 2008 is also deepening competition between capitalist powers and fueling not just US military spending but a global arms race.

If ever there was a need to overthrow capitalism as a matter of world survival, that argument retains even greater force today. We the people of the world are the ones who suffer from war, but to end wars, we must break the rule of the capitalist class, the banks and military industrial complex and use these vital industries for promotion of the world health and development, not destruction.

World Socialist Revolution my friends. It is our only hope.