

THE MERCHANTS OF DEATH

The Military-Industrial Complex and the Influence on Democracy

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PREFACE

This is a thesis about the Military-industrial Complex in the United States of America, a subject, which has been widely discussed in the 1960s, but has moved to the background lately. I got inspired by this subject through an internship I have done in Paris in 2012. Here I was working for an event agency that organized business conventions for the defense and security sector, and in particular the aerospace industry. This was the first time I got in touch with this defense industry and this was the first moment that I realized how much money is involved in this sector. Warfare turned out to be real business. At the conventions enormous stands emerged with the most advanced combat vehicles and weaponry. These events were focused on matchmaking between various players in this sector. Hence, commercial deals were made between government agencies and the industry, which was very normal and nobody questioned this. When I read about this Military-industrial Complex, years later, I started to think about these commercial deals between government and industry and the profits that were gained. The realization that war is associated with profits, interested me in such a way that I decided to write my master thesis about this subject.

LIST OF ABBREVIATIONS

- Defense Advanced Research Projects Agency	DARPA
- Department of Defense	DoD
- Department of Energy	DoE
- Farewell Address	FA
- Fiscal Year	FY
- Federally Funded Research and Development Centers	FFRDCs
- Global War on Terrorism	GWOT
- Gross Domestic Product	GDP
- Gross National Product	GNP
- Military-industrial Complex	MiC
- Military-industrial Academic Complex	MiAC
- Military-industrial Scientific Complex	MiSC
- Military Intelligence Program	MIP
- National Intelligence program	NIP
- Research and development	R&D
- Research Development, Test and Evaluation	RDT&E
- Special Operations COMmand	SOCOM

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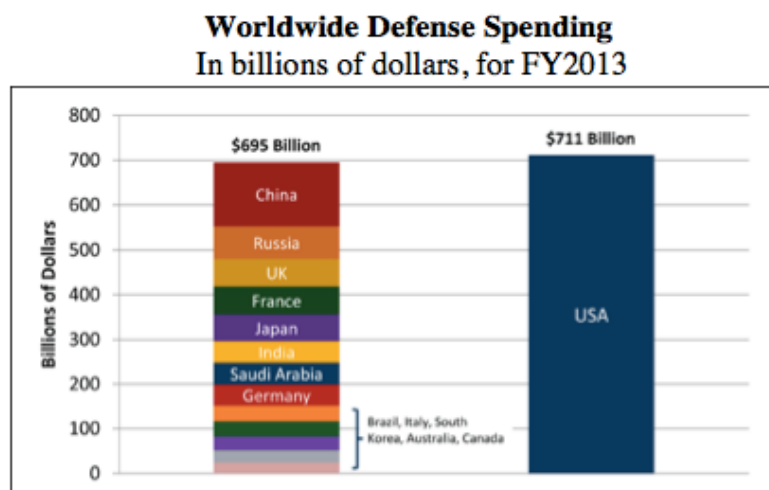
*“Every gun that is made,
every warship launched, every rocket fired signifies,
in the final sense, a theft from those who hunger and are not fed,
those who are cold and are not clothed. This world in arms is not spending
money alone. It is spending the sweat of its laborers, the genius of its scientists, the hopes of
its children. The **cost** of one modern heavy bomber is this: a modern brick school in more
than 30 cities. It is two electric power plants, each serving a town of 60,000 population.
It is two fine, fully equipped hospitals. It is some fifty miles of concrete pavement.
We pay for a single fighter with a half-million bushels of wheat. We pay for a
single destroyer with new homes that could have housed more than
8,000 people...This is not a way of life at all, in any true sense.
Under the cloud of threatening war, it is humanity
hanging from a cross of iron.”*

– Eisenhower, D.D., ‘Chance for Peace speech’ (April 16, 1953)

I. INTRODUCTION

War has existed as long as we can remember. However, the way in which war is conducted changes over time. For many centuries a large standing military force was only established in times when the move of a potential enemy needed to be countered. With the beginning of the Cold War, America (for the first time in years of ‘peace’) supported a massive military establishment. It became extremely expensive and as a result, “a defense and war *complex* included and affected most private and public institutions in American life.”¹ The established military force became used to further global interests. “The enemy was/is no longer another nation per se but any organization not in line with presented ideals.”² This change caused for the emergence of a new concept: the *Military-industrial Complex* (MiC).³

The MiC was created as a result of clashing interests for restructuring war-shattered Europe and the collapsing colonial empires on the other continents. America wanted a world dominated by democratic capitalism; in contrast the Soviet Union had the ambition for a communist-led expansion. In order to achieve this world vision, the United States felt compelled to militarize its foreign policies.⁴



Graph 1: Plumer, B., ‘America’s staggering defense budget, in charts’, *The Washington Post* (January, 2013)

¹ Koistinen, P.A.C., *State of war, 1945-2011*. The political economy of American warfare (Kansas,

² Military-industrial Complex, ‘What is the Military-Industrial Complex’, *Military-industrial Complex* (2014): <http://www.militaryindustrialcomplex.com/what-is-the-military-industrial-complex.asp>

³ *Idem*.

⁴ Koistinen, *State of war*, 7.

The Cold War has ended more than 25 years ago. However, the United States still spends an extremely high amount of money on defense. Pictures like graph 1 indicate clearly how much money is spent on defense in the US compared to the rest of the world. They are spending more money on defense than the next thirteen biggest spenders combined,⁵ and justify these levels of spending by using sayings as: “Weakness is provocative, strength deters.”⁶ Therefore, they say, these levels of spending are necessary, because the troupes need to be armed to defend the nation. However, for most people that are involved in this, it is just business. It is competition for contracts between very large corporations. They want to interest the government in order for them to buy the product. Think of companies like Lockheed Martin or Boeing, these companies are involved on a daily basis to produce the weapons, the ammunition, and to carry out the American way of war. Next to that, also the service sector is becoming bigger and bigger. Things that troupes used to do, like peel potatoes, and doing laundry, are now being done by contractors.⁷

The US Government justifies the high amounts of money spent on defense-related products by arguing that it is all for the troops, to give the soldier the tools they need and to safeguard peace and security in the United States of America. However, one might wonder whether it is just about peace and security, or about product-competition, to pursue the highest profits possible....⁸

This is the logic behind the Military-industrial Complex theory, which is threefold: its government agency, defense industry and congress. This theory indicates the relationship between government entities and defense-minded manufacturers or organizations. Government entities act out of political interest and the defense-companies act out of economic interests. Both parties try to influence each other to get one another to act according to their own benefit.⁹

1.1 Research Question

The term Military-industrial Complex was used for the first time in an American report around 1900. However, people were not aware of a complex until President Dwight D. Eisenhower talked about this concept in his farewell address in 1961. He warned the

⁵ Plumer, B., ‘America’s staggering defense budget, in charts’, The Washington Post (January 2013): <https://www.washingtonpost.com/news/wonk/wp/2013/01/07/everything-chuck-hagel-needs-to-know-about-the-defense-budget-in-charts/>

⁶ Jarecki, E., *Why we fight* (2005): <https://www.youtube.com/watch?v=u4SgEy2khOE>

⁷ *Idem.*

⁸ *Idem.*

⁹ Military-industrial Complex, ‘What is the Military-Industrial Complex’ (2014).

American people for not letting the relationship between an unlimited wartime economy and the 'Cold War' political environment dictate America's actions at home or abroad. Eisenhower stated that such unchecked power would only infringe the inherent freedoms of the American citizens.¹⁰

We are now 50 years further, so one may wonder if this threat that Eisenhower warns for, is still present today and in what way it influences American society. Therefore the main research question of this thesis will be the following:

Is Eisenhower's warning for the Military-industrial complex still applicable today?

In this thesis, the focus will be placed on the specific ideas and arguments of Eisenhower, and will be translated to the modern day situation. In that way, two periods of time will be analyzed: the nineteen-fifties (the period in which Eisenhower experienced the MiC), and the period from 2001 until now. This period of time has been chosen because this is a period in which American foreign policy changed radically. The year 2001 was the year in which a new grand strategy was implemented, with the objective that no one could possibly approach the US in military terms.¹¹ This strategy was given shape by the military campaign 'Global War on Terrorism' (GWOT), starting in 2001 with the wars in Afghanistan and in Iraq (in 2003).¹² These wars caused for the emergence of a strong feeling of discontent about America's foreign policy. Of course there were also feelings of discontent in the decades before the Bush administration, especially during the Vietnam War (1955-1975).¹³ However the vast majority of Americans continued to believe in these military missions for democracy and security.¹⁴

The thesis will be divided in three parts, in order to come to a conclusion. In part I the process around the creation of Eisenhower's Farewell Address will be discussed. An answer will be given to the questions 'what inspired Eisenhower to give a warning for the MiC in his Farewell Address?', and 'what did he specifically warn for in his Farewell Address?'. Part

¹⁰ Military-industrial Complex, 'What is the Military-Industrial Complex' (2014).

¹¹ Chalmers Johnson in Jarecki, E., *Why we fight* (2005):

<https://www.youtube.com/watch?v=u4SgEy2khOE>

¹² Schmitt, E. Shank, T., 'U.S. Officials Retool Slogan for Terror War', *The New York Times* (July, 2005): <http://www.nytimes.com/2005/07/26/politics/us-officials-retool-slogan-for-terror-war.html>

¹³ Here, a real anti-war movement emerged among many different groups in American society, starting with peace activists and leftist intellectuals on college campuses. This movement existed for many different reasons, but these reasons all revolved around the opposition to US involvement in Vietnam, for moral, legal and pragmatic reasons. Barringer, M., 'The Anti-War Movement in the United States', *The Oxford Companion to American Military History* (1999): <http://www.english.illinois.edu/maps/vietnam/antiwar.html>

¹⁴ Jarecki, *Why we fight* (2005)

two will focus on the existence of the MiC in our present day society. It will give an answer to the question ‘does the MiC still exist?’, ‘in what way does it still exist?’, and ‘(how) did it change compared to the 1950s?’. In part three the influence on American society will be analyzed. It will look closer into this specific influence and by who it is exerted.

1.II Methodology and sources

This master thesis is mainly based on qualitative research in order to formulate an answer to the research question whether Eisenhower’s warning is still applicable today. By the use of primary sources (The Farewell Address, The UPA Documentary History of the Presidency series, and Eisenhower’s diaries) and secondary sources (books, article, and documentaries) a comparative literature research has been executed.

The research question could be answered at its best by dividing the master thesis in three parts. Through dividing this thesis into three parts, the research remains clear and the different elements of which this thesis consists are grouped together into its parts.

Therefore part one is the part in which Eisenhower’s Farewell address is being analyzed, with the purpose to gain a better understanding in the underlying reasons and motivation of Eisenhower to address the MiC. The FA is the most important primary source of this thesis, the source on which the entire thesis is based. The sources used in this part are all written and are mainly primary sources. However, some additional secondary sources are also being used. The Roosevelt Study Center and the NLDA (Bibliotheek Nederlandse Defensie Academie) contained very useful sources, which have been consulted for this thesis.

The second part of this thesis analyzed whether the MiC (as described by Eisenhower) still exists today. This part is structured according to the three pillars as mentioned by Eisenhower’s speechwriters. For each pillar, comparative research will be executed. Most of the sources used for this part are written, however the arguments that are made will be supported by some visuals and data. Nevertheless, the method used for this part will remain a qualitative and comparative method, as most of the measurable data is not reliable enough. This part will try to create an image of how the situation concerning the MiC has changed in the past fifty years, so the focus will be placed on the increase or decrease of elements that contribute to the MiC. Therefore, some quantitative sources will be used, in order to support the statements and arguments made in this part. Most figures will be presented in inflation-adjusted dollars, bound to a Fiscal Year (FY). There are some exceptions though, in which no reliable data in real figures was available. It will be indicated when the presented figures are in absolute dollars.

Also part three consists of a rather comparative method. This part is about how the

influence of the MiC on American society has changed during the past fifty years. By doing comparative research, patterns of similarities and differences in the status of the MiC during the nineteen-fifties and the past ten years can be examined. Then it will be possible to conclude whether there is a relationship between Eisenhower's warning and the modern-day status of the MiC. In other words, it makes it possible to see whether Eisenhower's warning is still applicable today. This, will depend on the changed situation of the current MiC compared to the situation of the MiC in the years in which Eisenhower addressed this complex (nineteen-fifties).¹⁵

It is good to use a combination of research methods, because it makes the research more reliable and versatile. However, there were still some challenges, when doing this research. The first point of issue is that in the case of the MiC numbers can provide misleading information. For example, there is no assurance that *all* American defense contracts are publicly revealed by the United States Department of Defense.¹⁶ If it is true that they do not reveal all information about defense spending, then there is a possibility that the conclusion is based on '*laboratory results*' instead of '*real world results*'.

This is also why this thesis did not become a quantitative research. Federal defense budgets are often unreliable. This can be seen as a huge iceberg of which only the gigantic tip is known. The Department of Defense (DoD) budgets that are published on the website of the US Federal Government, often do not show the total budgets for the reason that a lot of money is squirreled away to other departments, while it is in fact still part of the defense budget.¹⁷ This is something which must be kept in mind during this research, and therefore it is very good to base conclusions not only on quantitative data but also on qualitative sources.

1.III Main Theoretical Concepts

MiC Theory

What the Military-industrial Complex means, is often vague and inconsistent. There are a lot of different perspectives about what the MiC really is and there is still no clear theoretical conceptualization of the MiC. Therefore it is important to explain here what is meant with the term Military-industrial Complex in this thesis. In this thesis the MiC-theory stands for the

¹⁵ Ragin, C., 'Constructing Social Research: The Unity and Diversity of Method', *Northwestern University* (1994): <http://poli.haifa.ac.il/~levi/res/mgsr4.htm>

¹⁶ Military-industrial Complex, 'United States Army Defense Contracts', *Military-Industrial Complex* (May 20, 2014): <http://www.militaryindustrialcomplex.com/us-army-defense-contracts-listing.asp>

¹⁷ Hellman, C., 'The Real U.S. National Security Budget, the Figure No One Wants You to See', *TomDispatch* (March 2011): [http://www.tomdispatch.com/blog/175361/tomgram%3A_chris_hellman,_\\$1.2_trillion_for_national_security/](http://www.tomdispatch.com/blog/175361/tomgram%3A_chris_hellman,_$1.2_trillion_for_national_security/)

high levels of military expenditure, that created a powerful coalition of interests within the state and industry, ‘which could lead to decisions being made which were in the interest of the coalition members and not necessarily in the interests of national security’.¹⁸ ‘These interest groups, which arose among the military services, corporations, high government officials, members of Congress, labor unions, scientists and scholars, and defense societies (private organizations that combine industrialists, financiers, and business people involved in weapons production, acquisition, and the like and members of the armed forces), came to occupy powerful positions within the state’.¹⁹

In this thesis, there will be dealt with the MiC according to Eisenhower’s definition. So in this thesis the MiC will not consist out of four pillars (as the MiC is often described today), but out of three pillars: the enormous amount of defense-related companies, the large numbers of defense professionals, and the domination of research. Of course, elements like US Congress and Government agencies will be processed within these pillars, as Eisenhower mentions their influence as well, but much less specific.

Defense Industry

This industry is involved in research, development, production and service of military material, equipment, and facilities. Eisenhower specifically mentions three groups within this defense industry, namely: the nation’s scholars and scientists, the defense contractors, and the large numbers of defense professionals.

Defense Contractors

A defense contractor is a business (or individual) who provides products or services to military or intelligence departments of the federal government. Typical products are for example military aircrafts, ships, vehicles, weaponry, and electronic systems. Services include logistics, technical support, and communication support. The official definition of defense contractor is:

“An employer engaged in:

1. the production, maintenance, or storage of arms, armament, ammunition, implements of war, munitions, machinery, tools, clothing, food, fuel, or any articles or supplies, or parts or ingredients of any articles or supplies; or

¹⁸ J.P. Dunne & E. Sköns, *The military industrial complex* (May 3, 2009) 2.

¹⁹ Koistinen, P.A.C., ‘Military-Industrial Complex’, *Dictionary of American History* (2003): http://www.encyclopedia.com/topic/Military-Industrial_Complex.aspx#1

2. the construction, reconstruction, repair, or installation of a building, plant, structure, or facility;

under a contract with the United States or under any contract which the President, the Secretary of War [the Secretary of the Army and the Secretary of the Air Force], the Secretary of the Navy, or the Secretary of Transportation certifies to such employer to be necessary to the national defense.”²⁰

Defense Professionals

When searching for the term *Defense Professionals* in dictionaries or on the Internet, you will not come across many hits. It is a term, which is not often used especially not in the way that Eisenhower’s speechwriters intended it to be used. With the term defense professionals they meant those people who were retired from the armed forces at relatively young ages, and became directors of industries related to the Air Force, Navy, and Army.²¹

I.IV Literature Report

When people refer to the Military-industrial Complex they often mean the military sector in a country with an enormous size and an important role in the economy, and then in particular the groups within society that benefit enormously from (growing) military spending. However this meaning stays very vague and the definition of the MiC often changes and is thus inconsistent.²²

The source of the term was president Dwight D. Eisenhower, who warned the American citizens in his 1961 Farewell Address for this so-called Military-industrial Complex with which he meant the combined power of a large military establishment and the arms industry.²³ The MiC was a complex that nobody had ever heard of before, but since that day it became a very popular topic in public debate, because according to Eisenhower the MiC would affect most private and public institutions in the American society. So eventually, every citizen would need to deal with the consequences. He warned the American people for not letting the relationship between an unlimited wartime economy and the ‘Cold War’ political environment dictate America’s actions at home or abroad. Eisenhower stated that

²⁰ USLegal, ‘Defense Contractor Law & Legal Definition’, *USLegal definitions* (January 2016): <http://definitions.uslegal.com/d/defense-contractor/>

²¹ Moos, M., ‘Document 179, November 2, 1972, Oral History (excerpt) Columbia University Oral History Project’, in N.J. Young, UPA, *Documentary History of the Dwight D Eisenhower Presidency*, Volume 9, *The 1960 Election and Eisenhower’s Farewell Address* (Washington 2005) 674.

²² Fine, B., ‘The military industrial complex: An analytical assessment’, *Cyprus Journal of Economics*, Vol. 6, No. 1 (June 1993).

²³ Albertson, D. (ed.), *Eisenhower as President* (New York, 1963).

such unchecked power would only infringe the inherent freedoms of the American citizens. He was afraid that this “new Military-industrial Complex could weaken or destroy the very institutions and principles it was designed to protect.”²⁴

However, not every researcher of the MiC agreed upon the definition that Eisenhower gave to the term Military-industrial Complex. In the later nineteen-sixties and seventies this definition was further developed by social scientists. They defined the MiC as coalitions of groups of people with interests in the state and industry, which could lead to decision-making in the interest of the coalition members instead of the interests of national security.

The MiC was seen as a constant feature of the Cold War. In the absence of a ‘hot war’, high levels of military spending were not necessarily needed. Therefore, the new threat that prevailed between the two superpowers, the US and the Soviet Union, was overemphasized and exaggerated, in order to justify the high levels of military spending. With these huge defense budgets it was possible for both superpowers to test each other’s strength.

This new military reality of persistent high military spending during peacetime could only be explained as a Military-industrial Complex, through which the term suddenly became into widespread use. It was not until the nineteen-sixties and seventies that a lot of criticism arose against this Military-industrial Complex. This was largely due to the persistent and seemingly pointless US military involvement in Vietnam. During this war a flood of writings emerged about the MiC.²⁵

During these two decades of the greatest public discussion about the MiC (nineteen-sixties and nineteen-seventies), a couple of arguments were given for the different consequences of this complex for public policy. The first argument had to do with military Keynesianism. Some analysts argued that the MiC promoted military spending as the way to boost the national economy. So this was “a military version of the macroeconomic prescriptions of John Maynard Keynes.”²⁶ This caused for persistent and enormous federal budget deficits.

A second argument given was about the depleted society. Analysts stated that the MiC caused for the fact that investments in economic and social development were now put into military weapons. So it was argued that in reality, society became depleted instead of developed. The biggest problem was that there were too many engineers focused on developing military products instead of developing commercial ones. This decreased their

²⁴ History, ‘Eisenhower warns of the "military-industrial complex"', Cold War (2014):

<http://www.history.com/this-day-in-history/eisenhower-warns-of-the-military-industrial-complex>

²⁵ Kurth, J., ‘Military-Industrial Complex’, *The Oxford Companion to American Military History* (2000):

http://www.encyclopedia.com/topic/Military-Industrial_Complex.aspx#2

²⁶ *Ibidem*.

success in international commercial markets. In the end it would only lead to persistent and massive trade deficits for the US.²⁷

The last argument that was made, concerned the follow-on system. The analysts of this argument stated that the MiC caused for a sort of technological stagnation. Because of the fact that there was an interest in preserving some particular military contractors and their production facilities, the MiC promoted weapons systems that were just variations or ‘follow-ons’ of previous weapons systems.²⁸

Each of these arguments caused for a lot of agitation against the MiC. However in the nineteen-eighties, the term began to fade in usage, despite the fact that military budgets were still increasing. By the mid-nineteen-eighties, the term was not present in public discussion anymore.²⁹ This had largely to do with the fact that the world was in a period of relaxation. The Soviet Union was not seen as a real threat anymore, because they were busier with their internal crisis. Also Gorbachev’s glasnost and perestroika caused for more trust and safety feelings. So there was not much reason for debate anymore.³⁰

Since the beginning of this century the MiC is not headline news anymore, and the term does not occur that often in public debate anymore. Nonetheless, defense budgets are still very high and some even argue that the MiC is only increasing, despite the less hospitable circumstances in which we live today.³¹

The fact why the MiC stays a vague concept and has not been present in public discussion anymore in these past years is because the MiC covers many sectors, while a lot of those sectors never analyzed the meaning of this complex. According to Dunne and Coulomb, there have been limited attempts by economists to analyze the MiC, while the MiC has an important set of economic actors. Economists address the MiC actually as the ‘DiB’, the Defense-industrial Base (the relationship between the state, military and industry). The neoclassical economics argue that it is based upon the idea that ‘governments allocate military budgets to deal with perceived threats and there is a trade-off between *guns* and *butter*’.³² This implies that national governments decide whether there is a need for offensive or defensive capabilities. Thus, these economists see the DiB only as a passive capability to

²⁷ Kurth, J., ‘Military-Industrial Complex’, *The Oxford Companion to American Military History* (2000): http://www.encyclopedia.com/topic/Military-Industrial_Complex.aspx#2

²⁸ *Ibidem*.

²⁹ Koistinen, *Military-Industrial Complex*.

³⁰ Guardaciolo, ‘Ronald Reagan’, *De Verenigde Staten, 1980 – 1988* (December 7, 2009): <http://kunst-en-cultuur.infonu.nl/geschiedenis/47515-de-verenigde-staten-1980-1988-ronald-reagan.html>

³¹ Koistinen, *Military-Industrial Complex*.

³² Dunne, J.P. & Coulomb, F., ‘Peace, War and International Security: Economic Theories’, in Fontanel, J. & Chatterji, M.(eds), *War, Peace and Security* (Bingley, 2009) 13-36.

provide weapon systems and force structures. However, with this definition they ignore the fact that the size and importance of the DiB has a lot of influence on other parts of society and a big share within the economy.³³

More recently, neoclassical economists did incorporate these issues in their theory about the Defense-industrial Base. They have integrated political factors, such as bargaining. And they started to address interest groups, the groups that determine sources of weapons and levels of protection. However, this is still an incomplete analysis. There are still some particular aspects of the process that are not addressed. Think, for example, of the interaction between the supply side and the demand side. This is a very important aspect of the MiC because they both influence each other and determine decision making in this field. Therefore, this aspect cannot be ignored in the debate about the Military-industrial Complex.³⁴

In more general approaches (instead of the economic approach), the DiB is located within the context of the MiC, and these approaches also refer to the capitalist economic system when they talk about the Military-industrial Complex. Institutional and liberal theorists argue that the MiC is built up from the interests of capitalism. They actually say that conflicting interest groups and institutional relationships have created a 'self generating structure (agency) which embodies the interests of various groups in society'. The strength of these group interests leads to pressures for military spending, which can be justified by external threats. Within institutionalism and liberalism this process is thus called the Military-industrial Complex.³⁵ They argue that this MiC has big influences on the rest of society and negative effects on the civilian sector. The companies that get involved become increasingly dependent on defense contracts, as they cannot compete well anymore on the civilian market.³⁶

The MiC has also been analyzed from Marxist perspective. From this perspective, the focus is mainly on the ruling class concept of the MiC and its role in class struggle, but it looks also at how the MiC is controlled by the laws of motion of the capitalist system.³⁷

The Marxist perspective has some links with the so-called underconsumptionist approach, which sees military spending as an important means in keeping the economy

³³ Dunne, J.P., 'The Defence Industrial Base', in Hartley, K. & Sandler, T. (eds), *Handbook in Defense Economics* (Elsevier, 1995) 592-623.

³⁴ *Idem.*

³⁵ Smith, R., 'Military expenditure and capitalism', *Cambridge Journal of Economics*, Vol. 1 (1977) 61-76.

³⁶ Dunne, J.P. & Sköns, E., *The military industrial complex* (May 3, 2009) 3.

³⁷ Brunton, B.G., 'Institutional origins of the military industrial complex', *Journal of Economic Issues*, Vol. 22 (June 1988) 599-606.

running. These theorists argue that it can prevent the world from realization crises (a crises in which products cannot be sold because there is not enough demand, through which profits cannot be realized). It is argued that this form of government spending allows the absorption of surplus without increasing wages, through which profits can stay high. What they actually say here is that through the MiC, capitalism can be maintained.³⁸ However, from a comprehensive study, executed by Smith and Dunne, empirical work within this approach is limited. Therefore, there is not much support for the underconsumptionist approach.³⁹

Clearly the military-industrial complex has been discussed out of so many different approaches. Some theories are more based on C. Wright Mill's analysis of the power elite⁴⁰, others follow more a Weberian focus on the role of bureaucracy or the work of John Kenneth Galbraith on coalitions⁴¹ and there are some theorists who base their work on Veblen, who discussed the importance of military 'waste' to the ideological and institutional structure of the US economy.⁴²

This debate shows that there is no clear theoretical conceptualization of the MiC. Some researches, like Smith and Smith, argue that the focus should be on the structural coalitions that have developed between particular parts of private industry and particular parts of the military. This has led to mutual interests.⁴³ In contrast, Brunton does not want to focus on individual components but he argues that the MiC should be seen as a system of institutions.⁴⁴ Although there is no clear theoretical conceptualization of the MiC, everybody agrees that the MiC can influence policy on military spending.

Next to this debate about what the Military-industrial Complex precisely is, there is also an enormous debate about what the MiC actually means for society. This debate is growing in intensity since the Iraq War in 2003. The biggest debate is about the fact whether the MIC is increasing or in decline and what its consequences will be for the American society. Already in 1994 D. Ippolito argued in his book *Blunting the Sword*, that American society would only benefit from a Military-industrial Complex. Cutbacks in defense budgets would only cause for serious damage to military capabilities, because these cutbacks would

³⁸ Baran, P. & Sweezy, P., *Monopoly Capital* (London, 1966).

³⁹ Smith, R. & Dunne, P., 'Is military spending a burden? A marxo-marginalist response to Pivetti', *Cambridge Journal of Economics*, vol. 18 (1994) 515-521.

⁴⁰ Mills, W.C., *The Power Elite* (Oxford University Press, 1956).

⁴¹ Slater, J. & Nardin, T., 'The concept of the military industrial complex', in Rosen, Steven (ed.), *Testing The Theory Of The Military Industrial Complex*. (Lexington, Mass., 1973) 27-60.

⁴² Cypher, J. M., 'Economic Consequences of Armaments Production: Institutional Perspectives of JK Galbraith and TB Veblen', *Journal of Economic Issues*, Vol. 42, No. 1 (March, 2008) 37-47.

⁴³ Smith, R. & Smith, D., *The Economics of Militarism* (London, 1983).

⁴⁴ Brunton, *Institutional origins of the military industrial complex*, 599-606.

only lead to smaller forces or less modern forces. Eventually, this would lead to the fact that the US would lose its position as a global superpower.⁴⁵

On the contrary, A. Bracevich argued in his book *The Limits of Power*, that the consequences of the MiC would be bad for American society. The MiC causes for a really unprofitable situation, he argues. National debt is only increasing through the enormous defense budgets and less money is now reserved for economic development. Next to that, Bracevich states that the MiC transforms the government into a democracy in name only. Dignitaries only act out of their own interests, through which the body politic becomes severely undermined.⁴⁶ In the end, the MiC cannot safeguard America's future because it is unaffordable and increasingly dangerous. Replacing the Washington consensus of permanent armed presence around the world, may offer the key to the country's salvation.⁴⁷

I. Berman states that this permanent armed presence around the world was needed in order to keep the strategic balance between Washington and the rest of the world as it is. Cutbacks in defense budget will only cause a shifting balance through which the US arms superiority will be seriously threatened. Berman argues, that especially the combination between these budget cutbacks and the rise of Russia and China with their military modernization programs will cause real threats.⁴⁸

However, republican congressman R. Paul argues that this costly military presence around the world does not make the US safer, but makes it more of a target. Next to that the extremely high defense spending is bankrupting the nation and destroying the currency he says.⁴⁹ William Pfaff states the same. He argues that the MIC threatens national security because it only provokes attacks against the US. In order to support this argument, he points towards a statement of Bin Laden who said that the 9/11 attacks were provoked by the blasphemy of the existence of US military bases in the sacred territories of Saudi Arabia. So in theory the MIC exists to create a country which is more safe and secure, but in reality it only produces and intensifies insecurity. Next to that Pfaff argues that the MIC is really unprofitable. Nothing has been gained from the wars (the MiC has not caused for any victory, except for the Gulf War), it only contributed to the suffering of others.⁵⁰

⁴⁵ Ippolito, D.S., *Blunting the Sword: Budget Policy & the Future of Defense* (Washington 1994).

⁴⁶ Bracevich, A.J., *The limits of power: the end of American exceptionalism* (April 28, 2009).

⁴⁷ Bracevich, A.J., *Washington rules: America's path to permanent war* (March 29, 2011).

⁴⁸ Berman, I., 'Stagnation Threatens U.S. Arms Superiority', *Defense News* (January 4, 2010)

⁴⁹ Paul, R., 'More Blank Checks to the Military-Industrial Complex', *Antiwar.com* (May 25, 2010): <http://original.antiwar.com/paul/2010/05/24/more-blank-checks-to-the-military-industrial-complex>

⁵⁰ Pfaff, W., 'Manufacturing Insecurity', *Foreign Affairs* (November/December 2010)

Also James Ledbetter argues that the MiC is a threat to our security. The military establishment does not make us safer and it manipulates public policy.⁵¹ However, the MiC has also some beneficial effects he says. Think of GPS systems, Internet, cellphones and the Hubble Space Telescope. As citizens, we all benefit from these military inventions.⁵²

When taking a closer look at the consequences of the MiC for the American economy, opinions are also divided. In an episode of *The Real News* in March 2011, it was stated that defense budgets must be cut in order to create a healthy economy.⁵³ However, a couple of months later, in the summer of 2011, C. Dunlap argues that cutbacks in defense budgets will lead to fewer contracts for defense companies through which they will go bankrupt. This has only negative effects on the economy, Dunlap argues. The economic downturn and rising national deficits have strained budgets, through which the defense industry is not as robust as it was during the Cold War. Consequently, the US army works with aging equipment and outdated technology, while other countries are strengthening their defense sector. According to Dunlap the fact that the MiC is in decline is threatening for America's survival.⁵⁴

On the contrary, the republican congressman R. Paul argues that higher defense budgets are only threatening the national security of the US because it only increases national debt.⁵⁵ However, C. Homan argues differently. He says that the national debt is the cause of the fact that the MiC is in decline. This decline is rather dangerous for America, he says, because there are not as many million-dollar contracts anymore for the defense industry, through which more fusions between companies will follow. This only leads to more unemployment, which is bad for the economy. So eventually, the national debt is the biggest threat to the national security of the US, Homan argues. Next to that, all military missions are actually paid with Chinese money, through which China gains a lot of power over the US.⁵⁶

Clearly there is a lot of disagreement about what the military-industrial complex really is and what its effects are on the America society. Is the complex rising or in decline, is

⁵¹ Ledbetter, J., 'What Ike Got Right', *The New York Times* (December 2010)

⁵² Ledbetter, J., *Unwarranted Influence: Dwight D. Eisenhower and the Military-Industrial Complex* (January 2011)

⁵³ *The Real News*, *Military-Industrial Complex from Eisenhower to Obama* (March 2011):
<https://www.youtube.com/watch?v=AyBelJ85KfY>

⁵⁴ Dunlap, Jr., C.J., 'The Military-Industrial Complex', *The modern American Military*, vol. 140, no. 3 (2011)

⁵⁵ Paul, R., 'Overspending on National Security Threatens National Security', *Antiwar.com* (February 23, 2012):
<http://original.antiwar.com/paul/2012/02/22/overspending-on-national-security-threatens-national-security/>

⁵⁶ Homan, C., 'Militair-industrieel complex erodeert', *Clingendael*, nr. 2 (April 2012):
http://www.clingendael.nl/sites/default/files/201104_armex_homan.pdf

the complex good or bad for American society, and should we look at this complex from realist, institutionalist, liberalist or Marxist perspective? These questions still cause today for a lot of disagreement and debate, which shows that the issue of a Military-industrial Complex is still alive and kicking and therefore very interesting to analyze even further.

PART I

*The Military-Industrial Complex During The Eisenhower
Administration*

1.1 INTRODUCTION

Part I of this thesis will focus on the so-called military-industrial complex, as it developed during the presidency of Dwight D. Eisenhower in the United States. This complex was addressed for the first time by president Eisenhower in his Farewell Address in 1961. With this military-industrial complex (MiC) the president meant the relationship between government entities and defense-minded manufacturers or organizations. According to Eisenhower, the risk was that government entities act out of political interest and the defense-companies act out of economic interests.⁵⁷

This part will explain the role of the MiC in Eisenhower's Farewell Address. Therefore, the MiC will be examined from a historical perspective, by focusing first on Eisenhower's inner circles of advisers and then on the more institutional actors of the National Security Council. Questions that will be answered are: Why was the military-industrial complex so important that Eisenhower wanted to devote his Farewell Address to this topic? How was it related to its historical context (the US foreign policy) and what did it produce in the short term? In the next part, the Farewell Address itself will be discussed. The focus will be on Eisenhower's specific warning to the nation, whom he considers responsible for the creation of the MiC and the consequences of the military-industrial complex with a strong focus on the contemporary impact of the MiC.

⁵⁷ Staff Writer, 'What is the Military-Industrial Complex', *Military-Industrial Complex* (October 21, 2014): <http://www.militaryindustrialcomplex.com/what-is-the-military-industrial-complex.asp>

1.2 THE MILITARY INDUSTRIAL COMPLEX IN HISTORICAL PERSPECTIVE

1.2.1 Eisenhower's Advisors

It can be questioned how the whole idea of a military-industrial complex was thought of in the first place. Was it an idea of Eisenhower or someone else? And did the term already exist, or was it spontaneously conceived? When Eisenhower presented the concept of the MiC in 1961, it came as a big surprise. People could hardly believe that it was Eisenhower, one of the most successful generals in US history, who mentioned this problem. It could be questioned whether this idea was Eisenhower's or someone else's. In an interview with Eisenhower's speechwriter Malcolm Moos it turns out that the concept of a military-industrial complex was not entirely the president's idea. According to Moos, the president told him that he wanted to have a real message in his farewell speech for the American citizens, and that Moos was the one who had to think of something. The president was not interested in capturing headlines, but he wanted to give something to the American citizens to think about.⁵⁸

Malcolm Moos was the one who started to think about different subjects that could be interesting for this Farewell Address. Eventually Moos came to the idea of a military-industrial complex through the combination of different observations. First of all, he saw in some aerospace journals some 25,000 different kinds of defense-related companies. Secondly, a student of him pointed him towards the problem of large numbers of defense professionals. She had provided a study "on the number of people that were retiring from the armed forces at relatively young ages, and becoming directors of industries, aerospace industries in particular, from the Air Force, the Navy, the Army",⁵⁹ through which they could shape the MiC's decisions and guiding the direction of its huge thrust, which makes it easier to dictate national policy.⁶⁰ Thirdly, Moos looked at the domination of so much inquiry and research, like scientific research and university life, by federal grants. It was not about solitary investigators, but it was the combination of huge grants and team research, which made it, in

⁵⁸ Moos, M., 'Document 179, November 2, 1972, Oral History (excerpt) Columbia University Oral History Project', in N.J. Young, *UPA, Documentary History of the Dwight D Eisenhower Presidency, Volume 9, The 1960 Election and Eisenhower's Farewell Address* (Washington 2005) 674.

⁵⁹ *Ibidem*, 675.

⁶⁰ Williams, R.E., 'Document 109, October 31, 1960, Memorandum, Ralph Williams Papers', in N.J. Young, *UPA, Documentary History of the Dwight D Eisenhower Presidency, Volume 9, The 1960 Election and Eisenhower's Farewell Address* (Washington 2005) 366.

his view, very dangerous. The combination of these three observations created the idea of a military industrial complex in 1958.⁶¹

This last point, the domination of the nation's scholars, is specifically mentioned in the Farewell Address of Eisenhower. It is a very important part of the military-industrial complex, because "these very complicated and sizeable scientific and technological establishments were born out of the military research and development of WWII,"⁶² through which they are the scientific element of the MiC. A lot of people did not like the fact that Eisenhower mentioned this last point. They saw it as an attack on scholars. Also Eisenhower's science advisor and head of the National Defense Research Committee (NDRC) during WWII, George Kistiakowsky was not happy about this imputation. Apparently Eisenhower did not compromise his beliefs and thoughts on the speech for people like Kistiakowsky, although he was member of Eisenhower's administration.⁶³

Moos incorporated his idea in a draft speech and some ideas of Ralph E. Williams and Steve Hess (members of the Eisenhower administration) were put into the draft as well. This was given to Eisenhower. It did not happen that often, but Eisenhower liked the idea immediately. According to Ralph Williams, the idea to address the military-industrial complex in his speech found a rather ready and willing receiver in Eisenhower, because of the fact that Eisenhower needed to deal with people who wanted more money for defense during his entire administration. Next to that, Eisenhower's first job was to decrease the armed forces, which were in huge numbers after the Korean War. He needed to demobilize a million men, and he also needed to cut back the major weapons programs. This needed to be carried out in a time when the American nation was caught up in the Reds-Under-the-Beds hysteria, and when the US and SU both acquired the hydrogen bomb. This, together with the fact that the president announced too often that there was a need for fiscal restraint and balancing budget, worked against Eisenhower. The Democrats accused him of "pinching pennies at the expense of the nation's security".⁶⁴ As a consequence, the focus shifted towards this 'yawning gap' that was supposed to exist between the bomber capabilities of the US and the Soviet Union. Williams argues that bomber gap never existed, but that the criticism must have annoyed the president a lot: "He did not suffer criticism gladly from anybody, especially from fools."⁶⁵

⁶¹ Moos, 'Document 179', in Young, *UPA*, 675.

⁶² Williams, R.E., 'Document 181, June 3, 1988, Oral History (excerpt) Dwight D. Eisenhower Library Oral History Collections', in N.J. Young, *UPA, Documentary History of the Dwight D Eisenhower Presidency, Volume 9, The 1960 Election and Eisenhower's Farewell Address* (Washington 2005) 706.

⁶³ Moos, 'Document 179', in Young, *UPA*, 677-678.

⁶⁴ Williams, 'Document 181', in Young, *UPA*, 701.

⁶⁵ *Ibidem*, 702.

When in 1960 new elections were held, the whole discussion of a bomber gap arose again, only this time the bomber gap was replaced by a missile gap. The fact that the Soviets had Sputnik in 1957 and reached the moon in 1959, gave the story even more power, and again it was Eisenhower who got blamed for it.⁶⁶

So when Eisenhower saw the idea about addressing the military-industrial complex in his speech, he immediately knew that that was the point he wanted to make. In an oral interview, Williams states that he believes that Eisenhower addressed the complex as a reaction to all the criticism of the Democrats; he just wanted to set the record straight. But more importantly, Eisenhower addressed this problem, because he honestly believed that this complex could get out of control when it would fall into the hands of people who had too much influence. An even greater problem that Eisenhower envisioned was that if the military-industrial complex could run away with government policy, other things could do as well.⁶⁷ “It all gets back to the well-established principle that the way to get people to act on something is to scare them to death.”⁶⁸ According to Ralph Williams, this was a game that the military have been known to engage in. Captain Williams adds to this: “In the Pentagon we used to go up to Congress with these appropriations bills, just praying that the Russians would do something to scare us so that the Congress would loosen up and grant the appropriation.”⁶⁹

1.2.2 Institutional Actors

With the emergence of the Cold War, America’s foreign policy changed radically. From that moment on this change was symbolized by the phrase *national security policy*. Important changes consisted of the fact that psychological warfare, intelligence sources, and a strong industrial base now coordinated military strategy. Next to that, the psychological warfare required cooperation among government departments and agencies. With the outbreak of the Korean War in nineteen-fifty, the National Security Council (NSC) became the most important coordinating mechanism within the national security policy. Eisenhower made his

⁶⁶ Williams, ‘Document 181’, in Young, *UPA*, 702-703.

⁶⁷ *Ibidem*, 704-705.

⁶⁸ *Ibidem*, 707.

⁶⁹ *Ibidem*, 707. Williams supported this statement with an example: “The navy had a money bill before Congress and it was just on the razor’s edge between failure and success. The point at issue was about nine hundred million dollars for an aircraft carrier. At that point, Khrushchev came to pay his respects to the UN. This was a very celebrated scene where he got up and he ranted and he raved and he took off his shoe and he pounded on his desk with the shoe and the navy’s bill passed that afternoon by a resounding vote.” Williams, ‘Document 181’, in Young, *UPA*, 707.

most critical decisions on national security through the NSC, which caused for a lot of criticism, because of the fact that he conducted policy by committee.⁷⁰

When it came to extra military burdens, Eisenhower was very concerned over the capacity of the American economy. When Eisenhower became president, he wanted both the secretary of the treasury and the director of the budget to be present in all NSC meetings and that budgetary appendices were included in all policy papers. Eisenhower's commitment to budgetary restraint became a struggle for eight years long. "The NSC was the battleground, the place where national security needs and federal budgetary limits had to compete."⁷¹ Policy papers and the summaries of NSC meetings show how budget policy dominated almost all the discussions in the council meetings.⁷²

The Secretary of the Treasury George Humphrey participated actively in these discussions. He believed that the days of free spending were over: "Increasing deficits would bankrupt the free world and force the US itself to abandon its way of life...if we must live in a permanent state of mobilization our whole democratic way of life would be destroyed in the process."⁷³ Eisenhower made the same statement in his Farewell Address, as Humphrey did here in the NSC meeting. Humphrey opposed spending money abroad for economic aid projects or to build military bases around the world, however he supported ICBM's (intercontinental ballistic missile) and massive retaliation.⁷⁴

Eisenhower shared many of Humphrey's concerns, as we know from his private letters and public speeches. He believed that America's defense depended on both economic strength *and* military strength. Eisenhower almost never agreed with the budget requests that were submitted by the military services. They would cause for such an unbalanced economy, that eventually controls were needed, which would destroy the values we were fighting for in the first place. He said: "if we accept massive increases in military budgets, we are going to maintain very much larger military forces than we have previously done. These methods would almost certainly involve what is euphemistically called a controlled economy, but which in effect would amount to a garrison state".⁷⁵ Eventually, despite all the disagreement, important policy decisions were taken. For example, the so-called New Look emphasized the importance of nuclear weapons over large armies and an expensive navy.⁷⁶

⁷⁰ Nelson, A.K., 'The importance of Foreign Policy Process: Eisenhower and the National Security Council', in G. Bischof & S.E. Ambrose, *Eisenhower, a centenary assessment* (1995) 111-112.

⁷¹ Nelson, 'The importance of Foreign Policy Process', in Bischof & Ambrose, *Eisenhower*, 119.

⁷² *Ibidem*, 119.

⁷³ *Ibidem*, 120.

⁷⁴ *Ibidem*, 121.

⁷⁵ *Ibidem*, 121.

⁷⁶ *Ibidem*, 121-122.

The impact of new weapon systems, missiles, and satellites became widely discussed during the NSC meetings. Missiles like IBRM and ICBM changed the nature of US defense. As the fear for a Russian surprise attack was growing, Eisenhower agreed with the plans for the protection of the US by building more ICBMs. So the budget started to increase enormously again. Meanwhile Eisenhower continued warning for centering all national production on military production.⁷⁷

So the president recognized that American military strength rested on America's economic strength, he therefore implemented the New Look policy in 1953. Defense spending was increasing enormously because of both the Korean War and the NSC-68. Therefore, Eisenhower wanted to bring defense spending in line with America's capacity to produce over the long term. A new policy paper, the NSC-162, stated that "excessive government spending leads to inflationary deficits or to repressive taxation",⁷⁸ which would undermine American security by damaging America's economy and thus America's defense productivity. Eisenhower attempted to keep the expenses low by only focusing on America's capacity to wage nuclear war and not to focus on the capacity to wage conventional war. He authorized the fact to assume the early use of nuclear weapons in (peripheral) wars. The NSC-162 phrased the decision: "in the event of hostilities, the United States will consider nuclear weapons to be as available for use as other munitions."⁷⁹

Eisenhower believed that only nuclear preparedness offered protection in an age in which nuclear devastation threatened all nations. He believed that nuclear power offered progress and hope.⁸⁰

⁷⁷ Nelson, 'The importance of Foreign Policy Process', in Bischof & Ambrose, *Eisenhower*, 122-123.

⁷⁸ Brands, H.W., 'Eisenhower and the Problem of Loose Ends', in G. Bischof & S.E. Ambrose, *Eisenhower, a centenary assessment* (1995) 130.

⁷⁹ *Ibidem*, 131.

⁸⁰ Chernus, I., *Eisenhower's Atoms for Peace* (College Station 2002) Backcover

1.3 THE 1961 PRESIDENTIAL FAREWELL ADDRESS

Delivered in a television broadcast on January 17, 1961, Eisenhower's Farewell Address to the nation became best known for its reference to the potential influence of the military-industrial complex. The specific message of the president will be analyzed in this part. What did Eisenhower actually say about the MiC and what was his warning about?

In his farewell speech, the focus is immediately on America's immense military establishment. He begins with explaining in what way America's defense system has changed since the nineteen-fifties. During the first half of the nineteenth century the United States had no armament industry. When required, everybody, regardless of profession, could make his or her contribution to the war. But since the beginning of the Cold War, it is not possible anymore to risk emergency improvisation of national defense; "we have been compelled to create a permanent armament industry of vast proportions",⁸¹ Eisenhower stated. During the nineteen-fifties the number of people directly engaged in the defense establishment increased rapidly to 3.5 million people. And defense spending became more than the net income of all the US corporations. This was something that worried president Eisenhower and therefore he wanted to bring this situation under attention and warn the American citizens for its consequences.⁸²

In this chapter Eisenhower's Farewell Address will be analyzed, especially the most important indications that he made will be explained. He warned for the military-industrial complex by addressing its grave implications and unwarranted influence. These elements will be analyzed by looking into his exact words and by using further information from his presidential memoirs. Next to that, a discussion will follow about whom Eisenhower holds responsible for the creation of the MiC and what must be done to create balance again. In the end, some of his short and long term objectives will be discussed.

1.3.1 Grave Implications

In his farewell address, Eisenhower gives a very specific warning. He warns the American people for the total influence of the military-industrial complex and its *grave implications*.

⁸¹ Eisenhower, D.D., 'The Farewell Address, reading copy of the speech, DDE's Papers as President, Speech Series, Box 38', *D.D. Eisenhower, Presidential Library, Museum and Boyhood Home* (Abilene, Kansas):

http://www.eisenhower.archives.gov/research/online_documents/farewell_address.html (March 2015) 14.

⁸² *Ibidem*, 14.

Later on in the address he explains what he means by this warning. He says that this newly created combination of an immense military establishment and a large arms industry will have a total influence on the entire society. The influence will be economic, political and even spiritual, and it will be felt everywhere, in every city, every state house and every office of the Federal government. According to Eisenhower, its consequences will be enormous because the MiC influences our toil, resources and livelihood. So the MiC will have an impact on the entire structure of society.⁸³

This economic, political, and spiritual influence is also emphasized in his presidential memoirs. Here he states that during his presidency he was not blind for the possible consequences of high military spending. He knew that immense expenditures were the result of the tensions within international politics and the growing costs of weapons. The effects of these large expenditures on the US' economy were enormous, and eventually it would also influence our national life, in an overpowering manner. The fact that some see these effects as beneficial could be really dangerous. Especially the defense-industry encourages greater defense expenditures by the government, because it would bring lucrative profits. "Each community in which a manufacturing plant or a military installation is located profits from the money spent and the jobs created in the area."⁸⁴ This fact causes for a pressure on political representatives to maintain the facility at maximum strength.⁸⁵

So Eisenhower believed that high defense spending would lead to an immense military establishment, and in combination with a large arms industry this could result in an unbalanced 'war-based' economy. He also states that these immense expenditures could have a spiritual influence, on our national life. It could change our mentality and change our mind. As a third factor of influence, Eisenhower mentioned political influence. He argues that the pressure from defense-industry in general, powerful lobbies and local communities (who benefit from immense expenditures) would influence political representatives like congressmen, senators, and others, to act according to these groups' preference.⁸⁶

The remarkable thing about this warning for the grave implications of the military-industrial complex is that he tries to emphasize the fact that he does understand the imperative necessity for this new conjunction between defense and industry, while he warns for the severe consequences at the same time.⁸⁷ The reason why he recognizes the imperative need for this conjunction has to do with the drastic reduction of American forces after every war

⁸³ Eisenhower, 'The Farewell Address', 15.

⁸⁴ Eisenhower, D.D., *White House Years: Waging Peace, 1956-1961* (January 2000) 615.

⁸⁵ *Ibidem*, 614-615.

⁸⁶ *Ibidem*.

⁸⁷ Eisenhower, 'The Farewell Address', 15.

they fought. Every time it was naively believed that the world had become too civilized to fight again. According to Eisenhower, the Korean War had changed that notion. He wrote in his presidential memoirs that after the end of this Korean War, he determined that “we would not again become so weak militarily as to encourage aggression. This decision demanded a military budget that would establish, by its very size, a peacetime precedent.”⁸⁸

1.3.2 Unwarranted Influence

The president’s warning for the unwarranted influence of the MiC has a central place in the farewell address. This warning is placed *exactly* in the middle of the speech and the way Eisenhower brings this warning, makes it look like the most important part of the entire speech. His intonation is changing when he speaks about the unwarranted influence, as if he puts more force behind his message: “*In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist*”.⁸⁹

But what exactly does Eisenhower mean by the words: unwarranted influence? Like mentioned before, the MiC can have big consequences for society. These consequences could be dangerous because of the influence the MiC can have on society itself. It could endanger liberty, democratic processes, national security and public policy. Especially when power would fall into the wrong hands, these liberties will be in great danger.

In his letters to Mr. Stanley G. Karson, the chairman of the Special Committee on Military-Industrial Complex and American Veterans Committee, he elaborates on this influence. Here he addresses another kind of influence on society, on America’s national life. Millions of Americans owe their prosperity and thus their livelihood to the production of munitions and other kinds of defense-related practices, therefore communities and manufacturers are competing for contracts or industrial-defense facilities. This causes for a dangerous influence-sphere, because in order to obtain such favorable contracts or facilities, political influence is sought and often given, according to Eisenhower. He adds to this that munitions production can become so important that “whole communities will look upon it as a way of life, instead of seeing it as merely a mean for defending ourselves.”⁹⁰ Eisenhower

⁸⁸ Eisenhower, *Waging Peace*, 615.

⁸⁹ Eisenhower, ‘The Farewell Address’, 16.

⁹⁰ Eisenhower, D.D., ‘Document 177, February 7, 1966, Letter with attachments to Stanley G. Karson, D.D. Eisenhower Post-Presidential Papers’, in N.J. Young, *UPA, Documentary History of the Dwight D Eisenhower Presidency, Volume 9, The 1960 Election and Eisenhower’s Farewell Address* (Washington 2005) 642.

sees this search for political influence by these communities and manufacturers as an acquisition of unwarranted influence, and he addresses it as misplaced power.

1.3.3 Responsibility

Eisenhower argues that a couple of actors and events are responsible for changes in America's industrial-military posture, hence for the creation of the MiC. The first responsible event he mentions is the technological revolution that occurred in the past decades. He argues that complex and costly research takes a special place within this revolution. An increasing part of this research is conducted for or by the Federal government, and thus, in the president's view, the creation of the MiC is largely devoted to the Federal government.⁹¹

The fact that research has become central in this technological revolution has largely to do with the fact that the conduct of research has changed, according to Eisenhower. Research is not conducted by a solitary inventor anymore, but by "task forces of scientists in laboratories and testing fields".⁹² Eisenhower emphasizes here that doing research is not about free ideas or free thinking anymore. There is so much money going on in this sector, that the influence of government becomes stronger and stronger in this research sector. Eisenhower explains his argument by pointing at the changed situation of free universities. The free university was historically the place to be for free ideas and scientific discovery, he argues. However, now that there are huge costs involved, a government contract has become 'virtually' a tempting replacement for intellectual curiosity. With this example, Eisenhower is actually saying that the government's influence is getting stronger, and this will only intensify the military-industrial complex.⁹³

Thus according to Eisenhower, responsibility for the creation of the MiC can be found in the technological revolution through conducting research by the use of Federal funds and thus the Federal government is responsible too. He concludes with a warning for the domination of the nation's scholars, through employment by the government. Eisenhower believes that this can be considered as severe because of the fact that the government has the power of money, but also because the nation's scholars could start influencing public policy itself.⁹⁴

⁹¹ Eisenhower, 'The Farewell Address', 17-18.

⁹² *Ibidem*, 18.

⁹³ *Ibidem*, 18-19.

⁹⁴ *Ibidem*, 19.

1.3.4 Maintenance Of Balance

Eisenhower mainly blames the government for being responsible for the creation of the military-industrial complex. So as a consequence to that, he also states that the government is the entity that can turn the tide. Therefore he argues that it is the task of great statesmanship to counteract the unwarranted influence of the MiC by balancing its forces.⁹⁵ He states that the government needs “responsible officials who are determined to have a defense structure of adequate size but are equally determined that it shall not grow beyond that level...[These officials must do their best] to achieve real security without surrendering to special interests.”⁹⁶

Furthermore, the president states that only an alert and knowledgeable citizenry can counteract the endangerment of America’s liberties and democratic processes. Only they can force the combination of industry and defense in the right direction, because of their peaceful goals and methods.⁹⁷ He emphasizes this again within his presidential memoirs. Here he says that only an alert citizenry can oppose the influence of the military-industrial complex on our national life.⁹⁸

But Eisenhower mentions more factors that contribute to maintaining balance. The third factor he mentions is the element of time. One of the greatest dangers for democracy and liberty is the impulse to live only for today. The danger is that in that case people start to plunder the precious resources for their own ease and prosperity, while they do not think about the future generation. The president claims that this would be a danger for the material assets for our grandchildren but also a loss of their political and spiritual heritage. Therefore Eisenhower argues: “we want democracy to survive for all generations to come, not to become the insolvent phantom of tomorrow.”⁹⁹

Eisenhower concludes with a strong message: “this world of ours, must avoid becoming a community of dreadful fear and hate, and be, instead, a proud confederation of mutual trust and respect.”¹⁰⁰ When combining all the above-mentioned factors, of which each factor is equally important (great statesmanship, an alert and knowledgeable citizenry and the element of time) and we take into account the proper balance among the three, then it is possible to achieve the supreme goals of a free society.

⁹⁵ Eisenhower, ‘The Farewell Address’, 20.

⁹⁶ Eisenhower, *Waging Peace*, 615.

⁹⁷ Eisenhower, ‘The Farewell Address’, 17.

⁹⁸ Eisenhower, *Waging Peace*, 615.

⁹⁹ Eisenhower, ‘The Farewell Address’, 20-21.

¹⁰⁰ *Ibidem*, 21.

1.3.5 Noble Goals

Eisenhower points often towards America's noble goals in his Farewell Address, namely permanent world peace, human betterment and liberty. He states that it is very important that the US uses its power in the interest of these noble goals because it will determine for a great part America's leadership status and prestige. So this status depends not merely on America's material progress and military strength. What he is actually saying here is that even if America can have an immense military establishment in combination with a large arms industry, it is important to use this power only properly. So they cannot use this power for disproportional enrichment of the country itself, but they can use it merely for achieving its noble goals.¹⁰¹

To achieve these noble goals, American people need to be fully focused and committed to them. Eisenhower states that these goals are threatened by all the conflict in the world, so liberty is at stake. The American people can only overcome the complex struggle against this threat to freedom if we continue steadily and surely despite all provocation on our course toward permanent peace, human betterment and liberty.¹⁰²

America's military establishment plays a vital role in achieving these goals, according to Eisenhower. He says that the arms must be mighty and ready for instant action, so that a possible threat can easier be eliminated. Therefore, a permanent armaments industry of vast proportions is needed. We cannot afford to risk emergency improvisation of national defense.¹⁰³

¹⁰¹ Eisenhower, 'The Farewell Address', 5-6.

¹⁰² *Ibidem*, 8-9.

¹⁰³ *Ibidem*, 13-14.

1.4 CONCLUSION

This part consisted of a qualitative analysis of Eisenhower's Farewell Address, so that Eisenhower's specific warning could be determined. Why was the MiC so important for Eisenhower that it was worth mentioning and what did he actually mean with this military-industrial complex? These questions shall be answered in this conclusion. These questions shall be answered in this conclusion.

The concept of a military-industrial complex came into being through a combination of three different observations by Malcolm Moos: the enormous amount of defense-related companies, the large numbers of defense professionals, and the domination of research. The idea found a willing receiver in Eisenhower, due to the related struggles he faced during his presidency.

According to Eisenhower the military-industrial complex was important enough to mention in his Farewell Address, because he believed that the MiC could have an enormous impact on the entire structure of society. The influence would be political in the sense that political representatives would be pressured to act according to the preferences of the profiteers of the MiC. The influence would be spiritual, in the sense that it could change our mentality and change our mind. And the influence would be economic, in the sense that massive increases in military budgets (hence increasing deficits) would be bad for the capacity of the American economy and it could only create a controlled economy. This could only bankrupt the free world and destroy our democratic way of life.

The responsibility for the creation of the military-industrial complex, lies with the Federal Government, Eisenhower argues. They are the only ones responsible for granting military budgets. The Federal Government has the power to raise and maintain the army and navy, to declare war, and to grant military budgets. Because of this power, certain interest groups try to influence the government, so that the government will act according to their interests. All these different interest groups can be gathered under one name: defense industry. This industry is involved in research, development, production and service of military material, equipment, and facilities. Eisenhower specifically mentions three groups within this defense industry, namely: the nation's scholars and scientists, the defense contractors, and the large numbers of defense professionals. For these three groups, war has become so profitable, that they actually want to see more of it.

The most important message within this Farewell Address is Eisenhower's warning for the *acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex*. Eisenhower argues that unwarranted influence will be acquired by the defense industry. This industry can start to see the production of munitions and other defense-

related products as a way of life, instead of seeing it merely as a mean to defending the country. On their turn they try to search for political influence which can be addressed as the acquisition of unwarranted influence, and which he sees as misplaced power.

Eisenhower states that the responsibility lies with the Federal Government, and thus the government is the entity that can turn the tide, in order to maintain balance and democracy. He calls it the task of great statesmanship to counteract the unwarranted influence of the MiC. Responsible officials must provide a defense structure of adequate size (to achieve real security) but must equally be determined that this defense structure shall not grow beyond that level. Therefore, these officials must not surrender to special interests.

Furthermore, only an alert and knowledgeable citizenry can counteract the endangerment of America's democratic processes, Eisenhower argues. They must be vigilant with regard to the plundering precious resources. This will endanger the material assets of our grandchildren and will be a loss of political and spiritual heritage. Eisenhower argues, "We want democracy to survive for all generations to come, not to become the insolvent phantom of tomorrow!"

PART II

The Development Of The Military-Industrial Complex

2.1 INTRODUCTION

In the previous part of this thesis, Eisenhower's FA has been analyzed in which he warns for an unwarranted influence of the Military-industrial Complex. From the letters of his speechwriters it could be concluded that the MiC arose out of three different observations: the abundance of defense-contractors, the domination of scientific research, and the large numbers of defense professionals.

In part II of this thesis an analysis will be made in order to see whether the MiC still exists and in what way it evolved in the past fifty years. In the first chapter the abundance of defense-contractors will be discussed. Malcolm Moos made the observation that there were some 25,000 different kinds of defense-related companies back in the nineteen-fifties. Is this still the case today? The second chapter is about, like Malcolm Moos called it, the domination of so much inquiry and research, like scientific research and university life, by federal grants. Again, a comparison between the 1950s and the past ten years will be made. In the last chapter of this part the large numbers of defense professionals will be discussed, and the observations from the 1950s will be compared with current observations.

Part II of this thesis will give an answer to the question whether the dangerous combination, referred to by Eisenhower, still exists today. And if so, in what way does it exist? Did those three observations change, or remained the same?

2.2 DEFENSE CONTRACTORS

In this chapter the focus will be placed on the commercial industry and more specifically on the defense-related companies that are involved in production and service of military materiel, equipment and facilities. These companies form together one element of influence in the chain of unwarranted influence by the military-industrial complex. This chapter will try to find an answer to the question if the first pillar of the military-industrial complex still exists, and if so, whether the situation of these defense contractors changed in the past fifty years. A comparison will be made between the 1950s and the past ten years. In this chapter, a specific focus will be placed on the biggest defense contractors and the government contracts that they have obtained.

2.2.1 Defense Contractors in the 1950s

From letters of Eisenhower's speechwriters, Williams and Moos, we know that one of the elements that contributed to the military-industrial complex were the numerous of defense-related companies. Also in his farewell address Eisenhower mentions this element specifically. He explains that America's defense system has changed significantly in the past years. During the Second World War, American industries were adapted to a defense production, as the crisis demanded. However, after the war these industries never stopped with this gigantic defense production, through which Eisenhower argued that the US has been compelled to a permanent armament industry of vast proportions. He warned that defense spending became more than the net income of all the US corporations.

The worries of Eisenhower were understandable seen the fact that close before and during his presidency the defense budgets increased quickly (as a result of the Korean War). From Fiscal Year 1950 until Fiscal Year (FY) 1952, the defense budgets increased with an average of 83 percent per year. The budgets for Research Development, Test and Evaluation (RDT&E) rose with an annual average of 18% between 1948 and 1960. This percentage gives a nice indication of the amounts of money that were suddenly invested in technology and advanced combat systems.¹⁰⁴

¹⁰⁴ Watts, B.D., 'Strategy for the Long Haul, The US Defense Industrial Base, Past, Present and Future', *Center for Strategic and Budgetary Assessments (CSBA)* (2008) 28.

Around 1959, the defense industry was one of the leading industries of the American economy. In 1960 the defense industry was the largest industrial sector of the American economy. In the decades following, the expenditures only increased.¹⁰⁵

2.2.2 Did the industry change?

As mentioned above, the defense industry started to change during the Second World War. By that time, America's industries adapted completely to defense production. After the war, they did not fall back into their past role, but stayed active in defense production.¹⁰⁶ This activity only increased in the years that followed.

With the beginning of the Korean War, defense spending started to increase significantly. As is shown in chart 2, defense spending increased from 35,3 billion dollars in 1951 to 63,4 billion dollars in 1953 (inflation adjusted constant dollars, for FY 2009). During the years 1948 until 1960, America's first large-scale peacetime military force emerged. Investments in R&D and procurement increased enormously. These developments led to the emergence of private-sector companies who served the American military. Many new technics emerged for the development of weapons and systems.¹⁰⁷

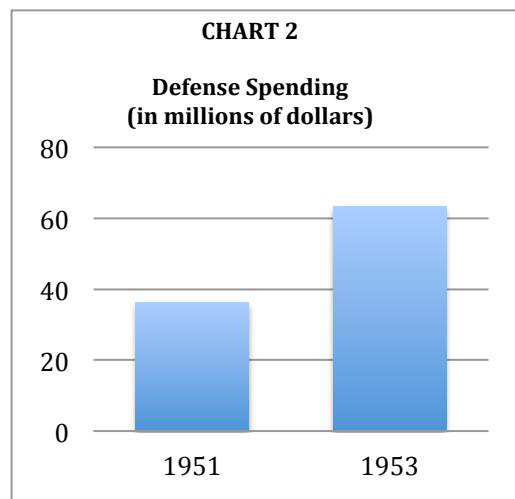


Chart 2: Watts, B.D., 'Strategy for the Long Haul, The US Defense Industrial Base, Past, Present and Future', *Center for Strategic and Budgetary Assessments (CSBA)* (2008)

This was the situation when Eisenhower was president. He saw huge increases in defense spending and as a result he saw the defense sector changing.

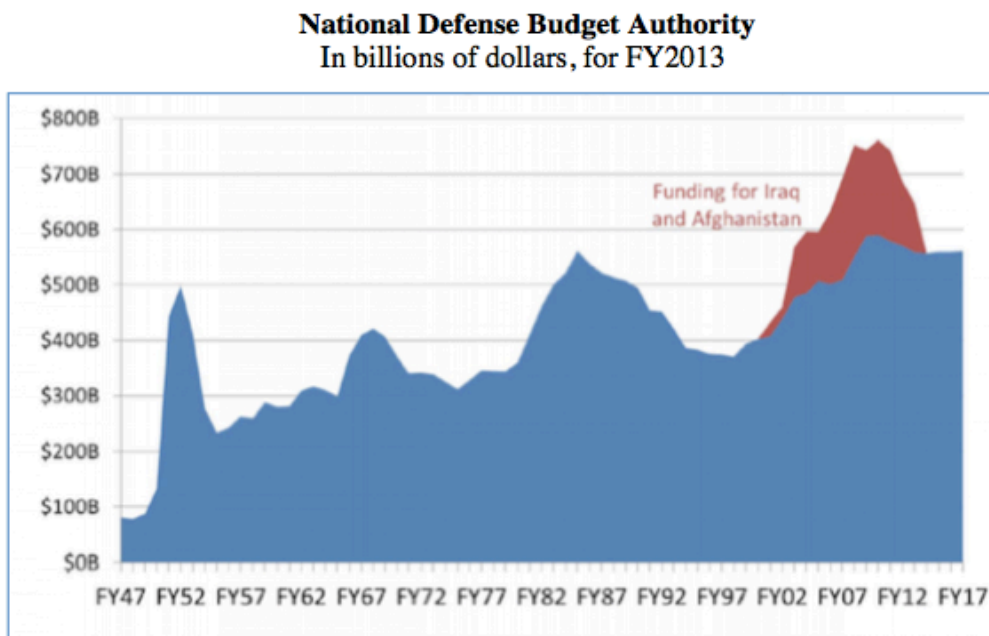
¹⁰⁵ Watts, 'Strategy for the Long Haul', 29.

¹⁰⁶ History, '1961, Eisenhower warns of military-industrial complex' (September 2015): <http://www.history.com/this-day-in-history/eisenhower-warns-of-military-industrial-complex>

¹⁰⁷ Watts, 'Strategy for the Long Haul', 27.

Federal defense spending

This part will examine the total amount spend on defense by the US federal government during the Eisenhower administration and the past decade. A comparison will be made between both periods of time in order to see how much it increased or decreased. In graph 3 it is shown that the budget for national defense increased enormously since the 1950s. These numbers are inflation-adjusted for FY 2013. When examining this image it is noticeable that there is a huge spike for the Korean and Vietnam Wars. Also during the 1980s a spike can be discovered which has to do with Reaganomics. This was a period in which President Reagan tried to promote reducing the growth of the government and government spending, nevertheless federal spending on defense only increased.¹⁰⁸ An even bigger spike followed after 9/11. By that time defense spending reached a record amount. Right now, since the winding down of wars in Iraq and Afghanistan, defense budgets are increasingly constrained. Nevertheless, from this figure it can still be concluded that US defense spending in real terms (bound to FY2013) is much higher than it was during the Eisenhower administration in the 1950s.¹⁰⁹

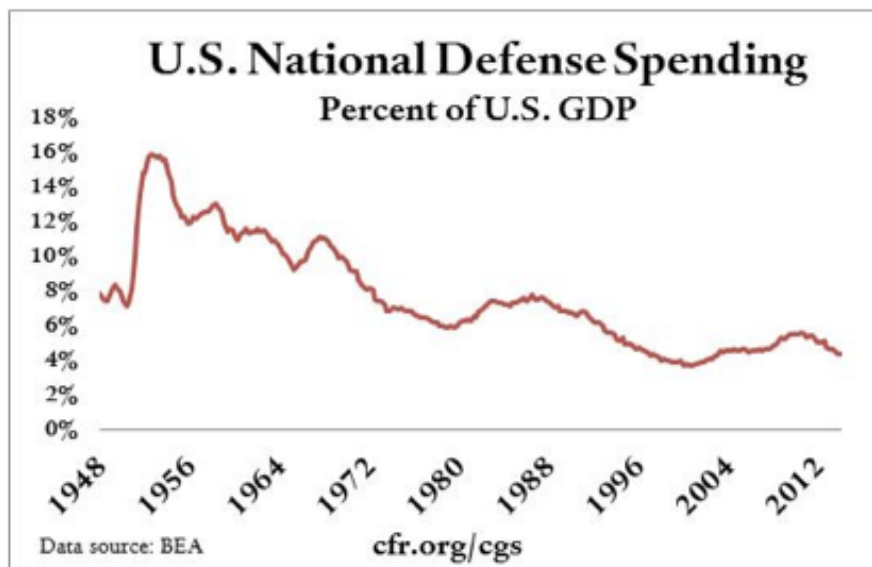


Graph 3: Plumer, B., 'America's staggering defense budget, in charts', *The Washington Post* (January 2013)

¹⁰⁸ Niskanen, W.A., 'Reaganomics', *The concise encyclopedia of economics* (2002):
<http://www.econlib.org/library/Enc1/Reaganomics.html>

¹⁰⁹ Plumer, B., 'America's staggering defense budget, in charts', *The Washington Post* (January 2013)

In order to determine how high or low defense spending is and has been, one can also look at the amount of money spend on defense as a percentage of America's gross domestic product (GDP). Graph 4 shows a steady decline in defense spending as a percentage of GDP. During the Korean War defense spending was as high as 15 percent of US GDP. This was the period in which Eisenhower was president and the period in which he gave his Farewell Address, hence when he warned for the MiC. In the 2000s an increase is noticeable, however since 2012 defense spending is decreasing again and is now just 4 percent of US GDP.¹¹⁰



Graph 4: Walker, D., 'Trends in U.S. Military Spending', *Council on Foreign Relations* (July, 2014)

However, there is a lot of critique about the idea to link defense spending to GDP. GDP is often used as a metric to determine how much the US could afford to spend on defense. However, this does not say anything about how much they should spend. By linking defense spending to GDP in order to justify the amount of money spent, defense spending is kept arbitrarily high which only maintains a Military-industrial Complex and causes for a lot of threats. Proponents of high defense expenditures prefer linking defense spending to GDP, because in that way they can sustain higher levels of US defense spending. It is therefore often being said that defense spending must be tied to 4 percent of US GDP.¹¹¹

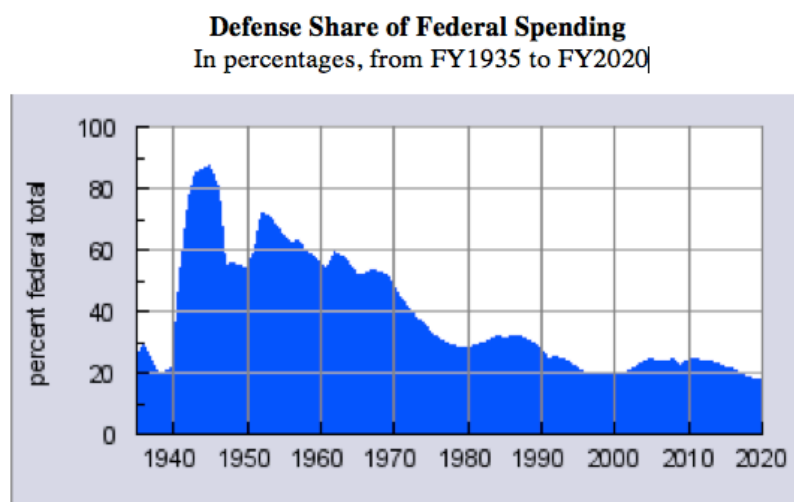
There are a couple of substantive critiques about the proposal to tie defense spending to GDP, which will be mentioned here shortly. Tying defense spending to GDP can be seen as misleading because the US GDP increased substantially during the past decades (it is now six

¹¹⁰ Walker, D., 'Trends in U.S. Military Spending', *Council on Foreign Relations* (July, 2014)

¹¹¹ Sharp, T., 'Tying US Defense Spending to GDP: Bad Logic, Bad policy', *Parameters* (2008).

times greater than it was in 1950 in inflation-adjusted terms). “Arguing that defense spending is historically low as a percentage of GDP, and therefore should be increased, is like a landlord arguing that because a tenant received a much deserved pay raise, their rent also should be increased.”¹¹² If the American economy would double in size, should the defense budget than be doubled as well? And if the GDP would shrink by half, should the defense budget be reduced in a parallel manner? This is a bad logic and it would only encourage the military-industrial complex. More importantly, it would be an attack on democracy, for the fact that “tying defense spending to GDP would erode budgetary flexibility and might threaten civilian control of the military.”¹¹³ Civilian control of the military would than be undermined.

When looking at federal defense spending as a percentage of total federal outlays in graph 5 (on the next page), it can be concluded that the percentage has decreased. Back in 1962, just after Eisenhower had left office, almost 50 percent of the total outlays were spent on defense (even excluding Veterans Benefits and Services). In 2015 this was only 20 percent.¹¹⁴ Graph 6 shows the defense share of the federal total of outlays in percentages from FY 1935 until FY 2020. Indeed one can see a decrease of 30 percent from 1960 until 2015. Today it is declining even more, and from predictions until 2020 it can even be concluded that the defense share of total outlays will drop below the 20 percent.¹¹⁵



Graph 6: US Government Spending, ‘Defense as Share of Federal Spending’, *US Defense Spending History* (2016)

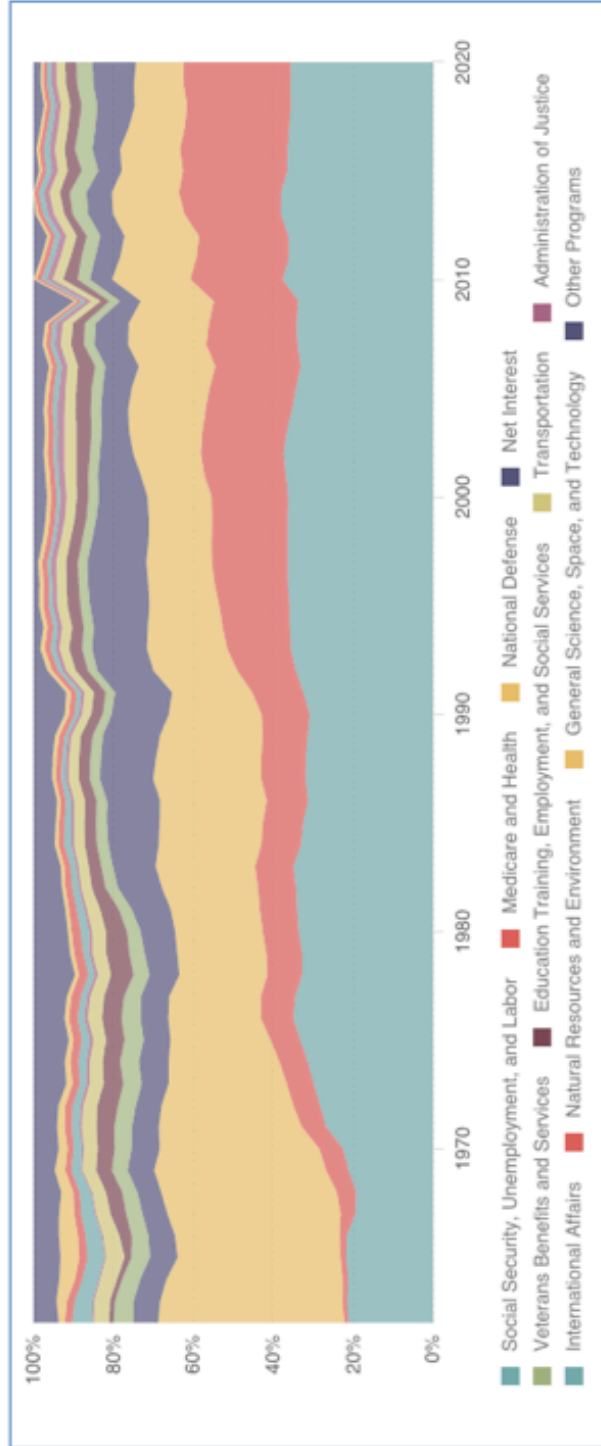
¹¹² Sharp, ‘Tying US Defense Spending to GDP’ (2008).

¹¹³ *Idem*.

¹¹⁴ Insidegov, ‘1960 United States Budget’, *Federal Budget Inside Gov.* (2016): <http://federal-budget.insidegov.com/l/62/1960>

¹¹⁵ US Government Spending, ‘Defense as Share of Federal Spending’, *US Defense Spending History* (2016): http://www.usgovernmentsspending.com/defense_spending

Budgetary Spending by Program In percentages



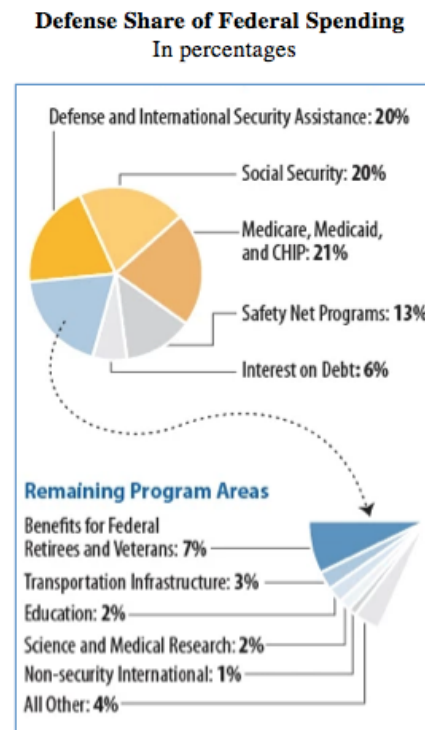
Graph 5: Insidegov, '1960 United States Budget', *Federal Budget Inside Gov.* (2016)

These figures and numbers look really good and very positive. Because in principle less money spend on defense means more money left to spend on other important programs likes Medicare, Social Security, and Education. Nonetheless is the share spent on defense still one of the biggest shares of the total federal outlays as you can see in graph 7. Whether these amounts of spending on defense are *too* much, must be determined by the question whether the amounts of spending on defense makes the US safer, hence whether this spending is necessary. This will be determined in the part III of this thesis.

The graph 5 and 6 showed a real decline in the federal defense spending as a share of total federal outlays from the 1950s until today. Nevertheless, it remains difficult to determine whether this decline is indeed as significant as the previous figures showed. That is for the reason that the presented numbers spent on defense by the government is never the total amount of money spent. Big parts of the total amount are allocated to other departments through which this amount of money suddenly does not belong to the national security budget. In order to see what the *real* number is, we must go through the US national security budget, step by step, and add it all up.¹¹⁶

The official FY 2012 budget request by the Obama administration was 558 billion dollars for the Pentagon's annual 'base' budget, and an additional 118 billion dollars for military operations in Afghanistan and Iraq. Together this makes 676 billion dollars, which is already a tremendous amount of money, but it is nothing compared to the *real* amount of money spent. It is just the gigantic tip of a humongous iceberg.¹¹⁷

"To get closer to a real figure, it is necessary to start peeking at other parts of the federal budget where so many other parts of security spending are squirreled away".¹¹⁸ There are a lot of budgets that 'officially' do not fall under the Pentagon's budget request, but in fact



Graph 7: Plumer, B., 'America's staggering defense budget, in charts', *The Washington Post* (January 2013)

¹¹⁶ Hellman, C., 'The Real U.S. National Security Budget, the figure no one wants you to see', *TomDispatch* (March 2011): [http://www.tomdispatch.com/blog/175361/tomgram%3A_chris_hellman,_\\$1.2_trillion_for_national_security/](http://www.tomdispatch.com/blog/175361/tomgram%3A_chris_hellman,_$1.2_trillion_for_national_security/)

¹¹⁷ *Idem.*

¹¹⁸ *Idem.*

they belong to the defense budget as well. Think of the budget for nuclear-weapons-related activities, the actual ‘war-related fighting costs’ (which are not included in the budgets for the military operations in Iraq and Afghanistan), budgets for ‘direct’ security’ and ‘homeland security’, the US intelligence budget (NIP & MIP), budget for Veterans Programs, and last of all the interest on the US’ debts (at least the part which has been used for the US’ military). When adding this all up, the grand total for the national security budget of the US easily surpasses a trillion dollars.¹¹⁹

However, this trillion dollar is still not the *real* figure. “Former secretary of Defense Donald Rumsfeld once famously spoke of the world’s *know unknowns* ... That is today there are things that we now know we don’t know.” When it comes to US national security spending we know that there are more numbers out there than what is now included in the presented DoD budget, only it is very difficult to get the total picture.¹²⁰ Table 8 gives an overview of a more inclusive defense budget.¹²¹

DOD or Defense Related Program	2012	2013	Notes/Comments
DOD Base Budget (Discretionary)	530.5	525.4	Widely reported by the press as the “base” DOD budget.
DOD Base Budget (Mandatory)	4.9	6.3	This amount is frequently not counted by DOD, its press releases, and the press as DOD spending. It is an official part of the DOD budget, always counted—for example—by OMB.
DOD Base Budget (Total)	535.4	531.7	“Total” spending is Discretionary and Mandatory combined.
Overseas Contingency Operations	115.1	88.5	
DOD Subtotal (Total)	650.5	620.2	
DOE/Nuclear (Total)	18.5	19.4	
“Defense-related activities” (Total)	7.8	7.8	
National Defense (Total)	676.7	647.4	This is the “National Defense” budget function, also known as “050.”
Net Military Retirement Costs Not Scored to DOD (See Budget Functions 600 & 950)	21.2	26.8	The Military Retirement Trust Fund in Treasury collected and paid \$17.1 billion in interest in 2012 and 2013. That amount is included in the totals to the right.
Net DOD Retiree Health Care Fund Costs Not Scored to DOD (See Budget Functions 550 & 950)	-1.1	2.6	This fund also collected and paid \$7.0 and \$7.4 billion in interest in 2012 and 2013.
International Affairs (Total)	61.3	69.8	Includes \$8.2 billion in OCO for Budget Function 150. The OCO grand total is \$96.7 billion.
Veterans Affairs (Total)	124.6	137.7	This spending encompasses the effects of past and current wars; spending for veterans of the last ten years will be increasing dramatically in coming years.
Homeland Security (Total)	46.0	46.3	Includes HS spending in DHS and all federal agencies not shown on this table.
Subtotal of the Above	928.7	930.6	Total Federal Spending is \$3.8 trillion in outlays in 2012 and 2013.
24% of Net Interest on the Debt	57.4	63.7	The outlays of the above programs comprise 25.5% and 25.7% of total federal outlays for 2012 and 2013.
Grand Total	986.1	994.3	

Table 8: F Clemons, S., ‘The Real Defense Budget’, *The Atlantic* (February 2012)

¹¹⁹ Hellman, ‘The Real U.S. National Security Budget’.

¹²⁰ *Idem*.

¹²¹ Clemons, S., ‘The Real Defense Budget’, *The Atlantic* (February 2012):

<http://www.theatlantic.com/politics/archive/2012/02/the-real-defense-budget/253327/>

Federal spending on defense contractors

It can be said that the “US military budget is two military budgets rolled into one: one for the national security, the other for industry.”¹²² This can be called the legacy of the Military-industrial Complex, according to Frida Berrigan of the Arms and Security Initiative at the New America Foundation. This is a situation in which government entities and defense-minded manufacturers/organizations are in a comfortable relationship, where the benefits are for both sides. In this part the focus will be placed on the manufacturers or organizations whose sole or primary business is defense-related. Those companies benefit a lot from lucrative multi-million or multi-billion dollar deals. Therefore they will be called the defense-contractors. The defense contracts that are publicly revealed by the DoD, will be analyzed in order to determine how much money is involved in this above-mentioned relationship. Although these contracts seem very transparent, one should keep in mind that these contracts do not represent total defense expenditures, for not all information is publicly presented.¹²³

Contracts by Agency	Total Amount of Contracts	Total Amount Spend on Contracts
US Air Force	5.524	\$737.743.544.951
US Navy/USMC	11.496	\$728.118.287.422
US Army	9.840	\$561.062.164.583
Defense Logistics Agency	4.311	\$450.920.008.576
Transportation Command	327	\$61.436.934.053
Missile Defense Agency	277	\$60.432.408.521
SOCOM	162	\$29.644.985.253
Defense Information System	76	\$28.636.890.183
Defense Threat Reduction Agency	45	\$7.476.423.608
DARPA	185	\$3.404.807.782
Defense Commissary Agency	54	\$2.312.347.839
Defense Finance & Accounting	15	\$262.031.707
Defense Media Activity	7	\$109.996.239

Table 9: Military-industrial complex, 'Defining the American Military Industrial Complex' (2016)

In table 9, an overview is shown of all the defense contracts concluded between the government and defense-minded companies and the total amount spend on those contracts. The contracts are classified per agency. The calculation is from a database that emerged on

¹²² Berrigan, F., 'Cutting & Reallocating Military Spending, Taking Care of Soldiers & Increasing National Security', *New America Foundation* (n.d.): <http://www.seeinnovation.org/Documents/NAF.pdf>

¹²³ Military-industrial complex, 'Defining the American Military Industrial Complex' (2016)

2006, so these numbers represent the period from 2006 until 2016. Only the contracts with a value of 6,5 million dollars or more are reported and these contracts are only the contracts that are reported publicly by the US DoD. Hence, it is very likely that the numbers in table 9 should be higher.¹²⁴

Looking more closely to the defense contractors (the defense-minded companies/organizations) an actual defense-contractors leaderboard can be

Customer	Lockheed Martin	Northrop Grumman
US Government	77%	78%
Other Customers	23%	22%

Table 10: Stanford University, 'The U.S. Defense Industry And Arms Sales', *Stanford* (n.d.)

created. At the top the Lockheed Martin Corporation can be placed with a total of 2.047 contracts with a value of 266 billion dollars in total. Second place is for the Northrop Grumman Corporation with 1.233 contracts with a value of 178 billion dollars, followed by Boeing with 1.203 contracts and 175 billion dollars of contract value. The companies Raytheon and BAe systems follow at a greater distance with respectively 1.558 contracts (91 billion dollars) and 945 contracts (68 billion dollars).¹²⁵

Lockheed Martin, Northrop Grumman, and Boeing are called the three powerhouses of American Business, for the fact that their combined revenues are one percent of the United States' GDP (10 trillion USD).¹²⁶ In table 10, the main customers of two of those powerhouses are shown. It is clear that both of these powerhouses' primary customer is the US Government.

The 10 largest arms-producing and military services companies in the world excluding China, 2014

Rank	Company	Arms sales, 2014 (\$m.)	% of total sales
1	Lockheed Martin (USA)	37 470	82
2	Boeing (USA)	28 300	31
3	BAE Systems (UK)	25 730	94
4	Raytheon (USA)	21 370	94
5	Northrop Grumman (USA)	19 660	82
6	General Dynamics (USA)	18 600	60
7	Airbus Group (Trans-European)*	14 490	18
8	United Technologies Corp. (USA)	13 020	20
9	Finmeccanica (Italy)	10 540	54
10	L-3 Communications (USA)	9 810	81

Table 11: Fleurant, A., Perlo-Freeman, S., Wezeman, P., et al, 'The Sipri Top 100 Arms-Producing and Military Services Companies, 2014', *SIPRI* (December 2015)

¹²⁴ Military-industrial complex, 'Defining the American Military Industrial Complex' (2016)

¹²⁵ *Idem.*

¹²⁶ Stanford University, 'The U.S. Defense Industry And Arms Sales', *Stanford* (n.d.):

<http://web.stanford.edu/class/e297a/U.S.%20Defense%20Industry%20and%20Arms%20Sales.htm>

The sales percentage of the US Government is for both companies more than three-quarter of the total sales (these numbers are from 2002). The largest defense contractors in the above-mentioned leaderboard are also the largest arms producing and military services companies in the world.

Table 11 shows the ten largest arms producing and military services companies in the world excluding China (China is excluded due to the lack of comparable and sufficiently accurate data). In the world top 10, 7 companies are from the USA. These are companies of which the majority almost completely relies on the sale of weapons and military service. These companies are all almost completely devoted to the production of goods and services for war (in most cases more than 80 percent of the total sales is extracted from arms sales).¹²⁷

In the 1950s General Dynamics was America's leading military contractor. In 1958 it obtained 2.2 billion dollars in total for government contracts. This was far more than the government contracts obtained by its competitors, like Lockheed, Boeing, and McDonnell.¹²⁸ In 2010 Lockheed Martin was America's leading military contractor, with nearly 36 billion dollars on government contracts.¹²⁹ This is visualized in chart 12, in absolute figures.¹³⁰

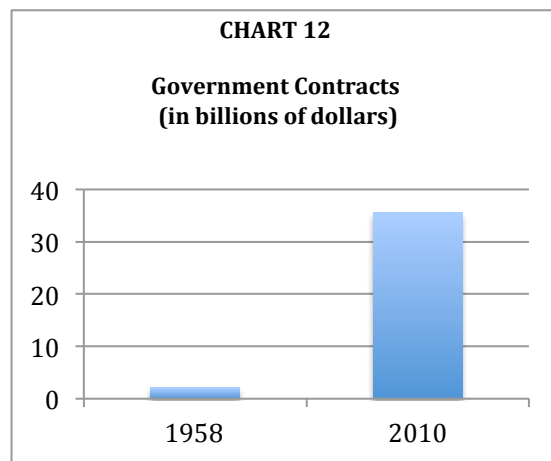


Chart 12: NBC News, '10 companies profiting most from war', NBC (March 2012):

¹²⁷ Fleurant, A., Perlo-Freeman, S., Wezeman, P., et al, 'The Sipri Top 100 Arms-Producing and Military Services Companies, 2014', SIPRI (December 2015): <http://books.sipri.org/files/FS/SIPRIFS1512.pdf>

¹²⁸ Phillips, J.P., *Act Of Retribution: The Military-Industrial-Intelligence Establishment and The Conspiracy To Assassinate President John F. Kennedy* (March 17, 2010) 359.

¹²⁹ NBC News, '10 companies profiting most from war', NBC (March 2012): <http://www.nbcnews.com/business/10-companies-profiting-most-war-330249>

¹³⁰ As this data is in absolute figures, it is not inflation-adjusted and therefore it can create more or less a distorted picture.

2.2.3 Why did the industry change and in what way?

Through the years, the defense industry has been shaped through various elements. Military conflicts, fluctuations in defense spending, and new technologies, have had influence on development patterns, buying patterns and the size and structure of the defense industry.¹³¹

Defense firms are most of all being influenced by DoD spending on research, development, test and evaluation (RDT&E) and procurement. However, multiple elements have shaped the industry.¹³²

Three characteristics changed the defense industry into the industry it is today. First of all there was “the increasing concentration of sales in the larger defense firms.”¹³³ During WWII the top 25 largest military contractors held 47 percent of all defense contracts. In FY 1959 the top twenty firms held 82 percent of all contracts.¹³⁴ So an increasing concentration of government money could be found at the largest defense contractors. Hence, these companies started to depend more on their arms sales instead of their commercial sales. Today, we only know these powerhouses of American business (like Lockheed Martin, Boeing, and Northrop Grumman) mainly as arms producing companies (table 11).¹³⁵

The second characteristic was the “emphasis on advanced technology.”¹³⁶ Like mentioned before, the focus on and investments in R&D increased enormously after WWII. For example, “in 1956 the R&D expenditures for aircraft and aircraft parts were about 19 percent of sales while the percentage for American industry overall was less than three percent.”¹³⁷

The third characteristic is “the government’s power as a monopsony buyer.”¹³⁸ A single buyer and few suppliers started to characterize the defense industry. Through the monopsony power of the government, a more regulated industry emerged and the Office of the Under Secretary of Defense of Acquisition has even been called this a ‘public utility’.¹³⁹

¹³¹ Watts, ‘Strategy for the Long Haul’, 23.

¹³² *Idem*.

¹³³ *Idem*, 30.

¹³⁴ *Idem*.

¹³⁵ Stanford University, ‘The U.S. Defense Industry And Arms Sales’, *Stanford* (n.d.):

<http://web.stanford.edu/class/e297a/U.S.%20Defense%20Industry%20and%20Arms%20Sales.htm>

¹³⁶ Watts, ‘Strategy for the Long Haul’, 31.

¹³⁷ *Idem*, 31.

¹³⁸ *Idem*, 32.

¹³⁹ Congress of the United States Office of Technology Assessment, *Redesigning Defense: Planning the Transition to the Future U.S. Defense Industrial Base* (Washington 1991) 45.

Unhealthy competition

During the nineties, the US federal government played an important role in restructuring the defense industrial base. Former defense secretary Les Aspin stated that the industrial defense companies needed to restructure because of the overcapacity of the defense industry, as there were simply too many defense firms. A merger wave followed in the American defense industry, which led to a decrease from twenty companies to just a few prime suppliers.¹⁴⁰ A consequence of this decrease was that from the fifteen leading defense firms only a few remained. Big monopolies and duopolies emerged in many defense product lines. For example, the biggest shipbuilding yards are now in the hands of only two large defense firms: Northrop Grumman and General Dynamics. Lockheed Martin is close to being the primary contractor of designing, developing, and producing of advanced combat aircrafts. Boeing is the only US supplier of big transport aircrafts for the US Air Force. These developments cause for the fact that there is not enough healthy competition among defense firms.¹⁴¹

Today defense companies have become much bigger than ever before. In the past, the government had the possibility to choose between many companies for the production of tanks, warships, and combat aircrafts. However, right now this choice is limited to only two or three (sometimes just one) company. This has led to a lack of competition.¹⁴²

Since WWII defense budgets only increased in absolute and real figures. However, on a certain level the defense industry has changed significantly when comparing the 1950s with the past ten years. This change occurred short after the election of president Clinton in 1992. By that time, Les Aspin was assigned the task of Secretary of Defense and he was the one who pointed towards the defense industry's overcapacity. He said that the US defense industry needed a period of intense shrinkage and consolidation. He therefore predicted that half of the existing defense companies by that time would not exist within 5 years. His prediction became true. After a period of industry contraction, only Boeing, Lockheed Martin, Northrup Grumman, General Dynamics, and Raytheon were the remaining US companies in the defense industry. As shown in figure 13 (next page), most companies merged, only a few disappeared.¹⁴³

From now on, competition only occurred between two or three big companies, if there was any competition to begin with. In the aerospace sector forty companies were reduced to 3 companies: Lockheed Martin, Boeing, and Raytheon. Because of the fact that

¹⁴⁰ Mörth, U., *Organizing European Cooperation, the case of armaments* (September 2003) 75.

¹⁴¹ Watts, 'Strategy for the Long Haul', 10-13.

¹⁴² *Idem*, 16.

¹⁴³ *Idem*, 45.

there are just some big firms left, it becomes very difficult to hold viable competition. Sustaining a competitive, innovative industrial base becomes an issue.¹⁴⁴

The Consolidation of US Defense Manufacturing, 1993–2007

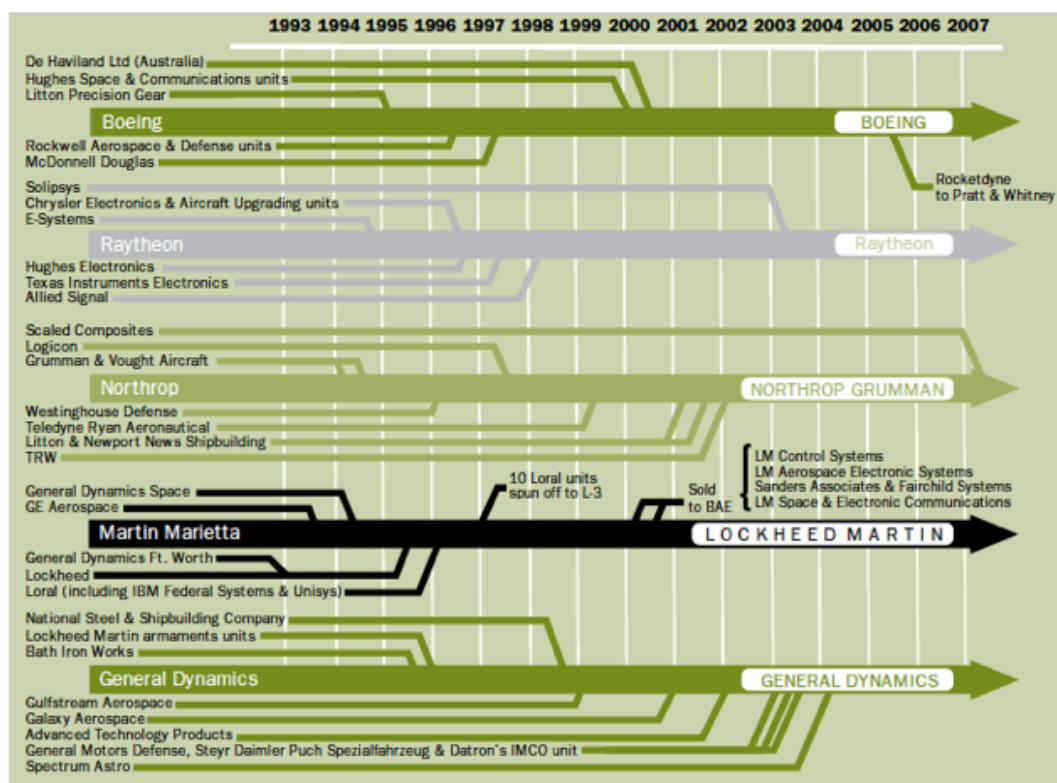


Figure 13: Watts, B.D., 'Strategy for the Long Haul, The US Defense Industrial Base, Past, Present and Future', *Center for Strategic and Budgetary Assessments (CSBA)* (2008).

¹⁴⁴ Watts, 'Strategy for the Long Haul', 47-53.

2.3 SCIENTIFIC RESEARCH

In this thesis, there is a constant reference to the term: *Military-industrial Complex*. However, it is often being argued that this term was more extensive in the original draft of Eisenhower's speech. Authors like H. Giroux and D. Brinkley claim that the original term consisted out of four words: *Military-industrial Scientific Complex* (MiSC) or *Military-industrial Academic Complex* (MiAC).¹⁴⁵ Unfortunately, it is impossible to know whether this is true because there is no mentioning of this by the official speechwriters of Eisenhower: Malcolm Moos and Ralph E. Williams. Nonetheless, Eisenhower did mention a phenomenon that meets the description of a MiSC or MiAC in his Farewell Address. In this chapter the focus will be placed on two points that Eisenhower specifically mentioned in his address: the technological revolution and the free university.

2.3.1 Technological Revolution

Military R&D involves large R&D laboratories, research teams, and federal support for science and technology.¹⁴⁶ In his FA, Eisenhower also mentions this military R&D phenomenon in his Farewell Address:

Akin to and largely responsible for the sweeping changes in our industrial-military posture has been the technological revolution during recent decades. In this revolution research has become central. It also becomes more formalized, complex, and costly. A steadily increasing share is conducted for, by, or at the direction of the Federal Government. Today the solitary inventor, tinkering in his shop, has been overshadowed by task forces of scientists, in laboratories and testing fields.¹⁴⁷

Eisenhower argues that the technological revolution has contributed to the MiC. In this chapter it will be questioned what the status of military R&D was during the Eisenhower administration and in what way it changed in the past fifty years.

From the 1950s until the 1990s, the main threat for the US was of course the USSR, which led to a relentless arms race. This stimulated the so-called technological revolution that Eisenhower referred to. An enormous R&D complex was built up,

¹⁴⁵ Ledbetter, J., 'Guest Post: 50 Years of the "Military-Industrial Complex', *New York Times* (January 2011). & Giroux, H.A., *The University in Chains, confronting the military-industrial academic complex* (London 2007).

¹⁴⁶ Wright, M.D. & Paszek, L.J., *Science, Technology, and Warfare*. The Proceedings of the Third Military History Symposium United States Air Force Academy (Honolulu, 1969) 134.

¹⁴⁷ Eisenhower, 'The Farewell Address', 17-18

including DARPA (Defense Advanced Research Projects Agency), federal labs (like Livermore, Argonne, Oak Ridge), large private contractors, research at major universities (like MIT and Stanford), and R&D performed by the various branches of the military.¹⁴⁸ This was the period in which Eisenhower was president, hence when he warned for the MiC. Eisenhower's warning for the 'technological revolution of recent decades' was based on one element of this revolution: the emergence of non-profit institutions for research. Before the Second World War, almost all scientific research of the Government was done 'in house' by government laboratories. When Eisenhower left office these 'in house' government laboratories were replaced by more than 350 'outside' non-profit organizations involved in science and research. More and more research organizations were now being developed by defense contracts and Federal Government contracts. These organizations were called FFRDCs: Federally Funded Research and Development Centers.¹⁴⁹

Prior to WWII, the federal government funded very little research in the sciences. Just before Eisenhower became president, the first FFRDC appeared: the RAND Corporation (1947). Rand was a non-profit institution, organized and subsidized by the Air Force and under contract of the Douglas Aircraft Company.¹⁵⁰ "In 1969, the number of FFRDCs peaked at 74. Today, the number of FFRDCs amounts to around 40."¹⁵¹

When the US decided to change from a large standing army to a smaller better-trained all-volunteer army, science investments in weapon quality increased enormously. Especially during the Reagan Administration a tremendous increase was noticeable, when US military R&D expenditures doubled.¹⁵²

Since 9/11, defense R&D spending increased even more. The attacks on 9/11 had created a shock, through the idea of vulnerability and the emergence of a new threat to national security. A new coherent defense R&D policy needed to be redesigned. This was a beautiful reason to develop a scientific and technological infrastructure to serve the war against terrorism.¹⁵³

¹⁴⁸ Trajtenberg, M., 'Defense R&D Policy in the Anti-Terrorist Era', *NBER Working Paper*, No. 9725 (Cambridge 2003) 6.

¹⁴⁹ MITRE, 'FFRDCs—A Primer': <http://www.mitre.org/publications/all/ffrdcs-a-primer> & Wright & Paszek, *Science, Technology, and Warfare* (Honolulu, 1969) 131-134.

¹⁵⁰ Wright & Paszek, *Science, Technology, and Warfare* (Honolulu, 1969) 131-134.

¹⁵¹ MITRE, 'FFRDCs—A Primer' (April 2015)

¹⁵² Paarlberg, R.L., 'Science, Military Dominance, and U.S. Security', *International Security*, Vol. 29, No. 1 (2004) 124.

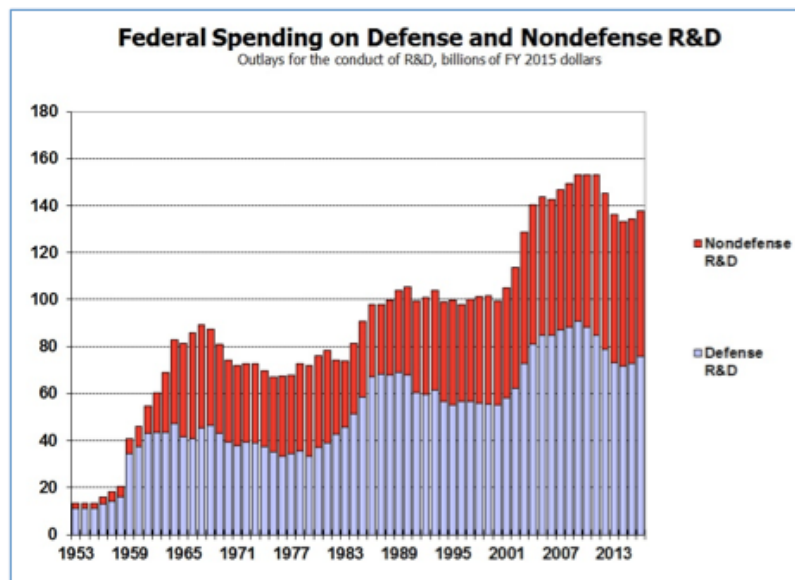
¹⁵³ Trajtenberg, 'Defense R&D Policy in the Anti-Terrorist Era' (Cambridge 2003) 8.

Federal budgets for R&D
In millions of dollars, for FY2015

	FY 2013 Actual	FY 2014 Estimate	FY 2015 Budget
Total R&D			
Dept. of Defense	63,838	63,856	64,430
Health and Human Services	29,909	30,912	31,069
<i>Natl Institutes of Health</i>	28,508	29,341	29,540
<i>All Other HHS R&D</i>	1,461	1,571	1,529
Energy	10,740	11,359	12,309
<i>Atomic Energy Defense R&D</i>	4,227	4,416	5,035
<i>Nondefense R&D</i>	6,513	6,943	7,274
NASA	11,282	11,687	11,555
National Science Foundation	5,319	5,729	5,727
Agriculture	2,116	2,418	2,447
Commerce	1,360	1,632	1,597
NOAA	606	661	688
NIST	596	667	690
Veterans Affairs	1,104	1,174	1,178
Interior	785	840	925
<i>U.S. Geological Survey</i>	636	650	686
Homeland Security	684	1,032	876
Transportation	829	853	865
Environmental Protection Agency	532	560	560
Patient Centered Outcomes Res.	488	464	528
Education	319	323	336
Smithsonian	238	232	252
Int'l Assistance Programs	273	203	203
All Other	306	428	495
Total R&D	130,332	133,682	135,352
Defense R&D	68,065	68,272	69,465
Nondefense R&D	62,267	65,410	65,887

Table 14: White House Office of Science and Technology Policy, 'The 2015 Budget' (March 2014)

As can be seen in table 14, Federal budgets for defense R&D for FY 2015 are extremely high, they even cover half of the total federal budgets for R&D. In graph 15 it is noticeable that Federal spending on defense R&D is today six times bigger than it was in 1953. Nonetheless Federal spending on nondefense R&D increased even more and the ratio between defense and nondefense R&D is fifty-fifty, while in 1953 Federal spending on defense R&D dominated over non-defense.



Graph 15: AAAS, 'R&D Budget and Policy Program, Historical Trends in Federal R&D' (May 2015)

Indeed, from the above it can be concluded that Eisenhower was right: it is not about the individual scientist anymore. "Now scientists are ranked in platoons. They are the organization men. In many cases, the independent and humble search for new truths about nature has become confused with the bureaucratic impulse to justify expenses and see that next year's budget is bigger than last's."¹⁵⁴ The amount of FFRDCs maybe decreased, the contracts have become much more expensive.

2.3.2 The free university

Eisenhower not only warned for a technological revolution, but he also warned for a revolution in the conduct of research. He argued that Americans needed to stay alert for a possible domination of the federal government in the nation's higher education.

[T]he free university, historically the fountainhead of free ideas and scientific discovery, has experienced a revolution in the conduct of research. Partly because of the huge costs involved, a government contract becomes virtually a substitute for intellectual curiosity. For every old blackboard there are now hundreds of new electronic computers. The prospect of domination of the nation's scholars by Federal employment, project allocations, and the power of money is ever present – and is gravely to be regarded.¹⁵⁵

During his time in office, Eisenhower experienced the growing influence of the Federal Government on higher education. "In the 1950s and 1960s scores of new programs and

¹⁵⁴ Lilienthal, D.E., *Change, Hope and the Bomb* (Princeton, 1963) 72.

¹⁵⁵ Eisenhower, 'The Farewell Address', 18-19

hundreds of student grants and fellowships were funded to study the Communist world.”¹⁵⁶ According to H. Giroux, this influence is now more intense than ever before. He argues that higher education can now be seen as a handmaiden of the Pentagon and corporate interests. Thereby it is not an independent institution and it cannot claim critical learning anymore. It only acts according to the interests of government agencies and defense industries. Schooling is not linked to democracy anymore, but in service of the national security state. Higher education now only serves private and governmental interests and does not exist as a public good anymore. Hence, its role as a democratic public sphere is in peril.¹⁵⁷

The militarization of higher education can be seen through the fact that there are 150 military-educational institutions in the United States, and hundreds of universities that conduct Pentagon-funded research and provide education that is associated with the warfare state.¹⁵⁸

Faculty now flock to the DoD, the Pentagon and various intelligence agencies either to procure government jobs or to apply for grants to support individual research in the service of the national security state. At the same time, as corporate money for research opportunities dwindles, the Pentagon fills the void with millions of dollars in available grants, stipends, scholarships and other valuable financial rewards, for which college and university administrators actively and openly compete.¹⁵⁹

Through these (private and governmental) factors of influence the entire structure of the university is being affected. The faculty, students, and adjuncts are now perceived as entrepreneurs, customers, or clients. The content of courses is changed, and the university is ‘viewed as a market niche, faculty are seen as contract employees, and students become important only in the logic of profit margins’.¹⁶⁰ Universities now increasingly depend on Pentagon contracts through which the influence of the federal government and the for-profit arms industry is growing. Universities actually compete for corporate money and money from the Pentagon. This development has caused for the deterioration of “truth, neutrality, disinterestedness, pure research and professionalism”.¹⁶¹

¹⁵⁶ Martin, W., ‘Manufacturing the Homeland Security Campus and Cadre’, *ACAS Bulletin*, 70 (April 2005).

¹⁵⁷ Giroux, *The University in Chains* (London 2007) 3-8.

¹⁵⁸ Johnson, C., *The Sorrows of Empire* (New York, 2004) 97-130.

¹⁵⁹ Gouliamos, K. & Kassimeris, C., *The Marketing of War in the Age of Neo-Militarism* (New York, 2012) 244.

¹⁶⁰ Giroux, *The University in Chains* (London 2007) 8.

¹⁶¹ *Idem*, 16.

According to the Association of American Universities (AAU), the colleges and universities that are funded by the Pentagon increased to almost 350, in recent years. “The Massachusetts Institute of Technology (MIT) and John Hopkins University alone ranked in a combined total of \$842,437,294 in military contracts in 2003. With the DoD’s budget for research and development skyrocketing, so to speak, to \$66 billion for 2004 – an increase of \$7.6 billion over 2003 – it doesn’t take a rocket scientist to figure out that the Pentagon can often dictate the sorts of research that get undertaken and the sorts that don’t.”¹⁶²

Chart 16 shows how much the DoD spent on academic research from 1958 until 2003 in absolute figures.¹⁶³

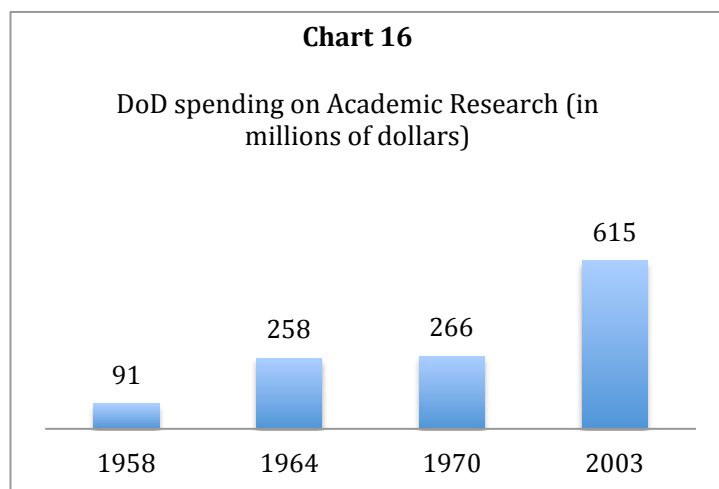


Chart 16: Turse, N., ‘The Military-Academic Complex: Who’s the Real National Champion?’, *TomDispatch* (April 2004)

¹⁶² Hossein-Zadeh, I., *The Political Economy of U.S. Militarism* (New York, 2006) 25-26.

¹⁶³ Turse, N., ‘The Military-Academic Complex: Who’s the Real National Champion?’, *TomDispatch* (April 2004):

http://www.tomdispatch.com/post/1385/nick_turse_arm_wrestles_the_military_academic_complex

2.4 DEFENSE PROFESSIONALS

In part one of this thesis it has been shown that Eisenhower's speechwriter Malcolm Moos dedicated the third pillar of the Military-industrial Complex to the problem of large numbers of defense professionals. According to Moos, defense professionals are those people that are retiring from the armed forces at relatively young ages, and becoming directors of industries related to the Air Force, Navy, and Army.¹⁶⁴ Seen Moos' observations, there were a lot of defense professionals back in the nineteen-fifties and therefore he pointed toward the danger that these large numbers of people could easily use their influence to shape the MiC's decisions and guiding the direction of its huge trust. Hence, defense professionals could have a strong influence on national policy.¹⁶⁵

However, Eisenhower did not mention these defense professionals in his Farewell Address. He did not warn specifically for this third pillar as he has warned for the first two pillars of the MiC. Nevertheless, because it is part of the original idea of a MiC, the third pillar of the MiC must be mentioned as well in this thesis.

Company	Military Professionals
Lockheed Aircraft	210
Boeing	169
McDonnell Douglas	141
General Dynamics	113
North American Rockwell	104
General Electrics	89
Ling <u>Temco</u> Vought Inc.	69
Westinghouse Electric	59
TRW Inc.	56
Hughes Aircraft	55

Table 17: Simkin, J., 'Military Industrial Congress Complex', *Spartacus Educational* (September 1997)

During the 1960s, 2.072 retired military officers were employed at one of the nation's defense firms, an average of 22 military professionals per company. In the top ten of the most successful defense firms this average was even 106 professionals per company. Table 17 gives an overview of the number of military professionals that were employed per defense firm.¹⁶⁶

¹⁶⁴ Moos, 'Document 179, Oral History (excerpt) Columbia University Oral History Project', 674.

¹⁶⁵ Williams, 'Document 109, Memorandum, 366.

¹⁶⁶ Simkin, J., 'Military Industrial Congress Complex', *Spartacus Educational* (September 1997): <http://spartacus-educational.com/JFKmicc.htm>

2.4.1 Rent-a-general

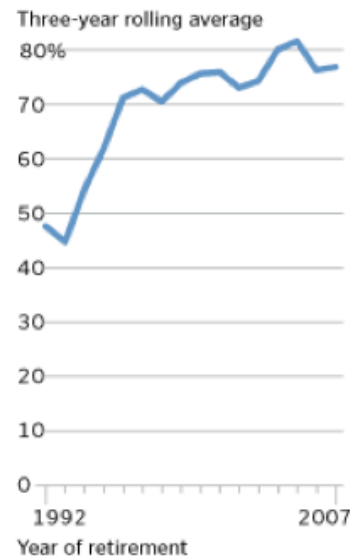
These defense professionals all accept corporate money during their government service. However, the problem is bigger than just taking a lot of money. Innumerable Pentagon officials, military officers, and members of Congress trade in their positions at the DoD to work for defense contractors. This is especially popular behavior among senior generals and admirals.¹⁶⁷

However, it brings along a conflict of interest. Most retired (three and four star) generals and admirals had, and in some cases still have, a Pentagon advisory role while they become employed for a defense-related firm. Hence, this rent-a-general business has a certain influence on decision-making. On the one hand, the Pentagon-knowledge of these defense professionals is being used by their new employers to obtain big contracts. Many generals are hired to lobby the Pentagon on issues they were responsible for while still in uniform.¹⁶⁸ On the other hand, while working on certain defense programs for its new employer, the defense professional can provide the DoD of external advise about that same program. It is a very lucrative business: the DoD has millions to spend, and by using defense professionals, the defense industry can easily absorb these millions. So despite this conflict of interest (the military career of the defense professionals is being used in the interest of their new employers) it is a routine phenomenon at the Pentagon because of the profitable consequences.¹⁶⁹

A research from the Boston Globe has show that the 'rent-a-general' business is all but irresistible. In the last two decades 750 of the highest generals and admirals retired. Between 1994 and 1998 fifty percent of these retired generals and admirals started to work for defense

RETIRED GENERALS WORKING FOR DEFENSE

Percent of retired three-, and four-star generals, and equivalent high-level admirals, who now work for defense consulting firms or defense contractors.



Graph 18: Bender, B., 'From the Pentagon to the private sector', *Boston Globe* (December 2010).

¹⁶⁷ Cohen, B. & Wheeler, W., 'The Triumph of the Military-Industrial-Congressional Complex, to understand perverse military decision-making, follow the money'. *War is Boring* (January 2015): <https://warisboring.com/the-triumph-of-the-military-industrial-congressional-complex-a27d6e5fb1a8#.67ik7ap73>

¹⁶⁸ Admin, 'Rent-a-general' business blurs lines between Pentagon, corporations', *Rawstory* (December 2010): <http://www.rawstory.com/2010/12/rent-general-blurs-lines-pentagon-corporations/>

¹⁶⁹ Bender, B., 'From the Pentagon to the private sector', *Boston Globe* (December 2010)

contractors, often in roles that require direct contact with the Pentagon. A decade later (2004 until 2008) this percentage had risen to eighty percent. Especially during previous years this percentage has increased enormously. Right now almost ninety percent of the three- and four-star generals are working for defense-interested firms.¹⁷⁰

The Boston Globe research has also shown that in many cases retired generals still use their command authority when they become defense professionals. Eickmann, who retired in 1998 and is now a senior fellow at the Energy Institute at the University of Texas said: “I always felt uncomfortable dealing with former generals working for those companies. Sometimes I felt like they were relying on a past friendship to get me to do something, using a previous relationship as an entree to selling me something.” The perception from the outside of a previous superior now dealing with a previous subordinate can cause all kinds of questions.”¹⁷¹

From the above it seems that defense professionals have an important influence on decision-making. Most of it is legal and the fact that it all happens according to the law and that it is so easy to have such an influence is just the effect of a well-functioning Military-industrial Complex.¹⁷² Also in an investigation from Citizens for Responsibility and Ethics in Washington (CREW) it is argued that in many cases ‘the retirees have continued to advise the Department of Defense while on the payroll of defense contractors.’¹⁷³ Hereby, they actually suggest that the Pentagon may not always receive unbiased counsel.¹⁷⁴

2.4.2 Individuals as examples

In order to clarify the rent-a-general business, some examples will be given from individuals, and how it affects decision-making. General James Cartwright and Admiral Gary Roughead are examples of defense professionals who started to work for defense contractors while they continue to advise the Pentagon. After their retirement in 2011 they were both appointed to the Defense Policy Board, a board that states that it provides the secretary of defense “with independent, informed advice and opinion concerning major matters of defense policy.”¹⁷⁵

Meanwhile, General Cartwright also accepted a job-offer at the Raytheon Co. board of directors. And the same goes for Admiral Roughead, who joined the board of Northrop

¹⁷⁰ Bender, ‘From the Pentagon to the private sector’, *Boston Globe*.

¹⁷¹ *Idem*.

¹⁷² Cohen & Wheeler, ‘The Triumph of the Military-Industrial-Congressional Complex’, *War is Boring*.

¹⁷³ CREW, ‘Strategic Maneuvers, The Revolving Door from the Pentagon to the Private Sector’, *Citizens for Responsibility and Ethics in Washington* (November 2012) 1.

¹⁷⁴ *Ibidem*, 1.

¹⁷⁵ *Ibidem*, 2.

Grumman short after his retirement. Through this construction of combining both jobs, a conflict of interest emerges. The lines between the Pentagon and the defense industry are further blurred through the rent-a-general business and the influence of the MiC on decision-making only grows through these ‘legal’ constructions.¹⁷⁶

There are many more examples like the cases of General Cartwright and Admiral Roughead. And today the defense professional phenomenon has become even more widespread. However, the scope of the concept *defense professional* has become wider in recent years. From articles written about this concept it can be concluded that today the defense professional is not just the retired officer, but also those people without a military career but are involved though in both: the defense industry and the Pentagon. This combination can give these individuals a profitable position, through which a conflict of interest can emerge as well.

An example of such an individual is the former vice president of Washington Operations for Boeing and Government Relations at Boeing is now on the Board of Directors of the Center for Security Policy. Through his new position and the large contributions that Boeing makes the Center for Security Policy, a doubtful situation occurs about whether this Center remains objective and not affected by Boeing’s wishes.¹⁷⁷ Another example of a company that has their friends at the right places is Northrop Grumman. Former Vice-president Dick Cheney sat on Northrop’s board (TRW’s board). “During the Bush Cheney campaign, Cheney proudly recalled that, ‘as a congressman, I supported every weapons bill that came down the pike’.”¹⁷⁸

¹⁷⁶ CREW, ‘Strategic Maneuvers’, 1.

¹⁷⁷ Reaching Critical Will, ‘Dirty Dozen: corporate partners in mass destruction’, *Reaching Critical Will, a project of the women’s international league for peace and freedom* (2015).

¹⁷⁸ *Idem*.

2.5 CONCLUSION

Part II focuses on the question whether the MiC still exists today, and if so, in what way it evolved during the past fifty years. By looking at three different observations made by Malcolm Moos (the abundance of defense-contractors, the domination of scientific research, and the large amount of defense professionals) that together constituted to this so-called MiC, an analysis has been made in order to see how these observations changed over the years or remained the same.

The first pillar of the MiC is the defense industry. From the analysis in part II, it can be concluded that Federal defense spending increased enormously in real terms in the past fifty years. More money than ever before is now being spend on defense contracts by the Federal Government, and almost eighty percent of the defense contractors' manufactured products is being purchased by the government. The defense industry increased in real terms in the past fifty years, and this change occurred through three phenomena: the increasing concentration of sales in the larger defense firms, a stronger emphasis on advanced technology, and the government's power as a monopsony buyer increased. Many companies changed their business into the defense business, because the industry became so lucrative through the huge government contracts that could be obtained suddenly in this sector. When this led to overcapacity in the 1990, many companies started to merge. This led to the emergence of big monopolies and duopolies, with unhealthy competition as a result. From this it could be concluded that the defense industry that Eisenhower warned for in his Farewell Address has only become much more intense and insalubrious.

The second observation that has been analyzed in this part was the domination of scientific research. Eisenhower argued in his Farewell Address that a technological revolution has contributed to the MiC as well. Eisenhower's warning was particularly focused on the emergence of non-profit institutions for research, the FFRDCs. This chapter has shown that today Federal spending on defense R&D is six times bigger than it was in 1953 in real figures.

Eisenhower mentioned specifically 'the university' in his Farewell Address. Also for this point it can be concluded that the number of military-educational institutions and universities that conduct Pentagon-funded research increased during the past fifty years. Governmental and corporate influence has only become stronger and therefore these institutions cannot be called independent institutions anymore. The US government now spends almost seven times more on academic research than they did in the 1950s. The

amounts of money have increased so much, that the logic conclusion is that the Pentagon can now often dictate the sorts of research that gets undertaken and the sorts that don't. Eisenhower's prediction of a prospect of domination of the nation's scholars by Federal employment, project allocations, and the power of money, became true and only worsened fifty years later.

The third pillar of the MiC is the phenomenon of defense professionals. Moos pointed towards the danger that defense professionals could cause, using their influence to shape the national policy. This chapter has shown that during the past fifty years, the amount of defense professionals increased a lot, so much, that in the past decade ninety percent of the retired admirals and generals have been employed for a defense contractor. The danger about this rent-a-general business is that, many retired officers work for defense contractors *and* as consultants to the Pentagon, a conflict of interest met with shrugs. Retired generals, with their strong relationships and insider knowledge, can be seen as valuable assets in the competition for contracts.

From the above it can be concluded that the Military-industrial Complex still exists but did not remain the same in the past fifty years. Defense industry has changed significantly. Where there were hundreds of defense companies before the Clinton administration, right now there are only a few left. However, the size and scope of these companies only increased and they have become more and more focused on the government as their biggest customer. Also, the domination of research is more present than ever before and the focus on money has only become bigger in the R&D sector and educational institutions. And also the amount of defense professionals has increased significantly. It can be said that this dangerous combination, referred to by Eisenhower as the MiC, still exists but has become bigger and more influential. How dangerous the MiC has become will be analyzed in part III of this thesis.

PART III

Influence on Democracy

3.1 INTRO

Secretary of Treasury George Humphrey stated in the NSC of March 31, 1953: “increasing deficits would bankrupt the free world and force the US itself to abandon its way of life...if we must live in a permanent state of mobilization our whole democratic way of life would be destroyed in the process”.¹⁷⁹

Eisenhower shared the idea of his Secretary of Treasury. Therefore, the idea that the MiC could endanger America’s democratic processes became one of the most important messages of the FA. Here, he specifically warned for the “acquisition of unwarranted influence, whether sought or unsought, by the Military-industrial Complex”,¹⁸⁰ and its grave implications. Eisenhower predicted that the influence of the Military-industrial Complex would be on the entire structure of the American society: economic, political, and spiritual. It would involve our toil, resources, and livelihood, and it will be felt everywhere.

As part II showed that the dangerous combination, known as the MiC, still exists, this part will question what the influence of the military-industrial complex is nowadays and how this influence is exerted and what its consequences are. It will be questioned what these grave implications on society will be and whether America’s democratic processes are endangered. Finally an analysis will be made, about what must be done, *so that democracy will survive for all generations to come*.

¹⁷⁹ Nelson, *The importance of Foreign Policy Process*, 119.

¹⁸⁰ Eisenhower, ‘The Farewell Address’, 16.

3.2 INFLUENCE ON ENTIRE SOCIETY

3.2.1 Economic Influence

Eisenhower argued in his presidential memoirs that large military expenditures would have enormous effects on the US' economy. He was afraid that the dangerous combination eventually could lead to an unbalanced war-based economy.¹⁸¹ As in chapter one explained, Eisenhower was always very precautionary when it came to extra military burdens, because according to him it would harm the capacity of the US' economy. Eisenhower said: "if we accept massive increases in military budgets, we are going to maintain very much larger military forces than we have previously done. These methods would almost certainly involve what is euphemistically called a controlled economy, but which in effect would amount to a garrison state"¹⁸² The NSC-162 policy paper, stated that "excessive government spending leads to inflationary deficits or to repressive taxation"¹⁸³ which would undermine American security by damaging America's economy and thus America's defense productivity.¹⁸⁴

In part two of this thesis it turned out that defense spending increased significantly. Today, many (especially prior to the 2003 invasion of Iraq) claim that war and its associated military spending is actually good for the economy. Eisenhower argues otherwise. He argued that an increase in defense spending would be bad for the capacity of the economy. In order to determine whether this is true it is important to divide the broad concept 'economy' into the different components it is made from, more specifically the components that are important for the explanation of Eisenhower's argument. Those components are GDP, public debt, levels of taxation, inflation, consumption, average stock market valuations, and income distribution. High defense expenditures (and war for that matter) can have positive effects on the economy in the field of employment and the development of technology. Nevertheless, the negative effects outweigh the positive effects. It has been found that high Federal defense spending leads to higher inflation, budget deficits, high taxes and a decrease of consumption and investments.¹⁸⁵

Sometimes, high military expenditures can act as a stimulus in countries where excess capacity and unemployment are real issues. However, in countries where budget restraints exist, like in the US, it is not wise to have excessive defense expenditures because it

¹⁸¹ Eisenhower, *Waging Peace*, 614-615.

¹⁸² Nelson, *The importance of Foreign Policy Process*, 121.

¹⁸³ Brands, 'Eisenhower and the Problem of Loose Ends', in Bischof & Ambrose, *Eisenhower*, 130.

¹⁸⁴ *Idem*, 131.

¹⁸⁵ Institute for Economics and Peace, 'Economic consequences of war on the U.S. economy' (2011) 4-18.

could lead to displacing more productive non-military expenditures in other areas like high-tech industries, education, or infrastructure.¹⁸⁶

At this very moment, the US spends *officially* \$500 billion (according to DoD) on its defense budget in FY2015.¹⁸⁷ It is questionable whether these high expenditures remain cost-effective. Are these high levels of defense spending leading towards the improvement of national security (which must be its primary purpose)? Or are they only leading towards the achievement of its secondary objectives by providing jobs and developing new technologies? Government expenditures can be spent much more effectively in order to create jobs, so 'providing jobs' and 'developing new technologies' as the primary purpose would not be really efficient.¹⁸⁸

Since WWII, the US has paid for the defense establishment by the use of debt, taxes, or inflation. This caused heavy burdens on the taxpayer through which consumption and investments decreased. The US has now to deal with huge budget deficits, which will remain a heavy burden for the taxpayer, for many years to come.¹⁸⁹

According to former Federal Reserve chairman, Alan Greenspan, there should be spent as much on military insurance as needed, but when we spend more than needed we destroy the capacity of our economy. In order to create a healthy economy, it is important to free up the resources that are now being employed to produce military products, which exceed the necessity of military insurance.¹⁹⁰

3.2.2 Social Influence

According to Eisenhower the influence of the MiC would be on the entire structure of our society, so it has also a spiritual influence, he said. With spiritual influence Eisenhower means that the MiC could change our mentality and change our mind. This change, he argues, arises through the fact that millions of Americans owe their prosperity and thus their livelihood to the production of munitions and other kinds of defense-related practices. On the long term, these people start to see the production of these products as a way of life, instead of merely seeing it as a means to defending the country.

¹⁸⁶ Institute for Economics and Peace, 'Economic consequences of war on the U.S. economy' (2011) 4.

¹⁸⁷ DoD, 'United States Department Of Defense Fiscal Year 2015 Budget Request' (March 2014).

¹⁸⁸ Institute for Economics and Peace, 'Economic consequences of war on the U.S. economy', 4.

¹⁸⁹ *Idem*, 18.

¹⁹⁰ Washington's blog, 'No, Bernanke ... Defense Spending Does NOT Help the Economy!' (August 2015):

<http://www.washingtonsblog.com/2015/08/no-bernanke-defense-spending-does-not-help-the-economy.html>

Next to this spiritual influence, the MiC has another influence on our minds. The American culture is heavily militarized over the past fifty years and it has become more extreme than ever before.¹⁹¹ “From lawmakers’ constant use of ‘support our troops’ to justify defense spending, to TV programs and video games like ‘NCIS,’ ‘Homeland’ and ‘Call of Duty’... Americans are subjected to a daily diet of stories that valorize the military while the storytellers pursue their own opportunistic political and commercial agendas.”¹⁹²

Like every other institution, the military wants to improve her public image. As a result, the military establishment is being propagated in a positive way. This has its effect on society: it changes the minds and mentalities of the American people. Therefore, the minds of citizens are being distorted insidiously without anyone noticing, “by video game companies and television networks, the news media and the partisan pundits.”¹⁹³

Influence becomes invisible

Seen the fact that this immense military establishment is financed by taxpayers, some thoughtful criticism seems in place. Today there are only few who criticize the military and its spending, and those who do criticize are being marked as unrealistic. Uncritical support for the military is now entirely normal among the American youth. They cannot remember a moment in time in which the US was not at war. In the media they hear constant messages of drone strikes, bombings, and battles in the Middle East.¹⁹⁴

Everything that “is left unexamined eventually becomes invisible”.¹⁹⁵ The result of this is that only few Americans give enough attention to the violent actions the government performs out of their names.¹⁹⁶

War gives us our daily bread

Many American citizens are involved in the US defense industry on a daily basis. They do not see America’s military establishment as a way to protect the nation, but they see it as a way of life. These people make bombs, munitions and other defense-related products, and by doing that they can feed their family and pay their bills. In their eyes, defense cuts stand equal to lesser jobs and the risk of having no income. They therefore support the officials who pledge

¹⁹¹ O’Connell, A.B., ‘The Permanent Militarization of America’, *The New York Times* (November 4, 2012)

¹⁹² *Idem.*

¹⁹³ *Idem.*

¹⁹⁴ *Idem.*

¹⁹⁵ *Idem.*

¹⁹⁶ *Idem.*

for higher defense budgets.¹⁹⁷ This is not for the fact that it makes America safer or for the fact that it makes the world safer, as many profiteers of the MiC suggest, but for the mere fact that they are assured of an income.¹⁹⁸

When looking at the three powerhouses of American Business, Lockheed Martin, Northrop Grumman, and Boeing, an enormous workforce is noticeable. Lockheed Martin employs 125.000 people, Boeing 171.000 people, and Northrop Grumman employs 100.000 people. Of course a part of this workforce is dedicated to the development of non-defense commercial products. However, still an enormous amount of citizens rely on these defense contractors and applaud the gigantic contracts between the Federal Government and the defense industry.¹⁹⁹

3.2.3 Political Influence

Eisenhower also warned for the political influence of the MiC. Eisenhower explained this point in his Farewell Address as the pressure from defense-industry in general, powerful lobbies and local communities (who benefit from immense expenditures) that influences political representatives like congressmen, senators, and others, to act according to these groups' preference. "Each community in which a manufacturing plant or a military installation is located profits from the money spent and the jobs created in the area."²⁰⁰ This fact causes for a pressure on political representatives to maintain the facility at maximum strength, otherwise they will lose a lot of votes.²⁰¹

Millions of Americans owe their prosperity and thus their livelihood to the production of munitions and other kinds of defense-related practices, therefore communities and manufacturers are competing for contracts or industrial-defense facilities. This causes for a dangerous influence-sphere, because in order to obtain such favorable contracts or facilities, political influence is sought and often given, according to Eisenhower.

Is this political influence that Eisenhower talks about still present today? According to political commentator William Pfaff it is. "Profit-seeking arms corporations and generals, intent on growing the military and its influence, now dominate Congress, as well as an inexperienced administration."²⁰² Congressmen are beneficiaries of the MiC in the sense that

¹⁹⁷ This has been investigated in the documentary 'Why we fight' by Eugene Jarecki

¹⁹⁸ Jarecki, *Why we fight* (2005).

¹⁹⁹ Stanford University, 'The U.S. Defense Industry And Arms Sales', *Stanford* (n.d.).

²⁰⁰ Eisenhower, *Waging Peace*, 615.

²⁰¹ *Idem*, 614-615.

²⁰² William Pfaff, "Manufacturing Insecurity," *Foreign Affairs*, (November/December 2010), <http://www.foreignaffairs.com/articles/66869/william-pfaff/manufacturing-insecurity>

they benefit from the votes they receive when they bring jobs and defense contracts home to their districts.²⁰³

Political campaign contributions by the defense industry

A healthy political debate about the proper size and the scope of the entire national security infrastructure does not exist. This is often because of the fact that “people do not like to bite the hand that feeds them. And that hand feeds a lot of people.”²⁰⁴ The DoD is the single largest employer in the US. In addition, the jobs they provide are very well paid jobs. An employee in the aerospace and defense industry gets paid twice as much as the average worker in other industries. The Federal Government is paying about eighty percent of the industry’s revenue. Hence, there are large profits to obtain from government contracts.

There is thus much to benefit from government contracts, and therefore defense contractors hire lobbyists and PR firms to pitch their case to those who provide the contracts (Congressmen). It is very easy for these lobbyists to maintain pressure on politicians because they can frame every budget in terms like ‘tough on terror’ versus ‘soft on terror’.²⁰⁵ According to data compiled by the Center for Responsive Politics there has been spent 4,7 billion dollars on lobbying from 2003 until 2013.²⁰⁶ There is not enough data from the nineteen-fifties to compare with, however we can conclude from the above that the defense industry (still) exerts influence in Washington.

So the defense industry (compromising of laboratories, universities, and various weapon and aerospace companies as we have seen before) has a large grip on the incumbent members of Congress. They are politically powerful because they make large contributions to politicians (and as a result they retrieve even more money in return).²⁰⁷ According to the Center for Responsive Politics, the defense sector contributed nearly 24 million dollars to

²⁰³ Westpoint, ‘Thinking Beyond Boundaries: Contemporary Challenges to U.S. Foreign Policy, American society and its military’, *Scusa 63* (n.d.)

²⁰⁴ Preble, C., ‘The Military-Industrial Complex’s Waning Political Influence’, *US News* (November 29, 2012):
<http://www.usnews.com/opinion/blogs/world-report/2012/11/29/america-is-souring-on-bloated-federal-defense-spending>

²⁰⁵ Turley, J., ‘Perpetual War And America’s Military-Industrial Complex 50 Years After Eisenhower’s Farewell Address’ (January 2014): <https://jonathanturley.org/2014/01/12/perpetual-war-and-americas-military-industrial-complex-50-years-after-eisenhowers-farewell-address/>

²⁰⁶ Center for Responsive Politics, ‘Influence and lobbying, defense’ (April 2015):
<https://www.opensecrets.org/lobby/indus.php?id=D&year=2013>

²⁰⁷ Reaching Critical Will, ‘Military-industrial complex’, *Reaching Critical Will, a project of the women’s international league for peace and freedom* (2015):
<http://www.reachingcriticalwill.org/resources/fact-sheets/critical-issues/6738-military-industrial-complex>

political candidates during the 2008 campaign cycle. Republicans are often favored, but donations are made to whoever is in power, they argue. The biggest defense contractors made a lot of donations to politicians, through which they secured their government contracts.²⁰⁸

When looking at the ‘Dirty Dozen’,²⁰⁹ a name given to thirteen corporations that are deeply involved in researching, developing, and manufacturing nuclear weapons and nuclear power, it is noticeable that these corporations have contributed with enormous amounts of money to presidential campaigns.²¹⁰ Boeing’s campaign contribution was 3,2 million dollars in 2014 of which 60 per cent was going to the Republicans, and they have spent 16,8 million dollars on lobbying in 2014. Lockheed Martin contributed to candidates and party committees with more or less the same (70 per cent going to the Republicans).²¹¹ Also Northrop and Raytheon made significant contributions.²¹² Clearly, these donations are paying off. For example, Senator Christopher Bond, who received \$46,000 from Boeing in his 1998 election campaign, has helped a lot with the sale of Boeing’s F-15 fighter planes to South Korea. Especially when the Boeing F-15 production line (based in Missouri) was in danger of closing, it was very lucrative for Bond to help out. The deal with South Korea needed to succeed in order for Boeing to keep this facility in Missouri open. A lot of Bond’s constituents relied on their jobs at this facility, hence Bond needed to act to not lose any of his votes.²¹³

²⁰⁸ Reaching Critical Will, ‘Military-industrial complex’.

²⁰⁹ The Dirty Dozen consists of the following corporations: Alliant Techsystems, Bechtel Corporation, Boeing, British Aerospace Electronics (BAE), British Nuclear Fuels (BNFL), General Dynamics, IBM, Lockheed Martin, Mitsubishi, Northrop Grumman (TRW), Raytheon, Siemens, and University of California.

²¹⁰ Reaching Critical Will, ‘Dirty Dozen: corporate partners in mass destruction’, *Reaching Critical Will, a project of the women’s international league for peace and freedom* (2015):

<http://www.reachingcriticalwill.org/resources/publications-and-research/research-projects/6202-dirty-dozen-corporate-partners-in-mass-destruction>

²¹¹ Berrigan, F., ‘Factsheet, The Dirty Dozen: Lockheed Martin’, *Arms Trade Resource Center of the World Policy Institute* (January 2007).

²¹² *Idem*.

²¹³ Ciarrocca, M., ‘Factsheet, The Dirty Dozen: Boeing’, *Arms Trade Resource Center of the World Policy Institute* (n.d.).

3.3 DEMOCRACY FOR GENERATIONS TO COME

In Eisenhower's Farewell Address, the word 'balance' is actually a key word. The reason of his whole speech about the dangers of the MiC is that he wants to strive for balance, balance in the American society. He specifically mentions that the unwarranted influences of the MiC must be countered by balancing its forces.²¹⁴ Hence, in order to counteract the economic, political, and spiritual influence of the military-industrial complex, balance must be created so that America's liberties and democratic processes may prevail. In his Farewell Address, Eisenhower mentions a couple of elements that can turn the tide: great statesmanship, an alert and knowledgeable citizenry, the element of time, and strong and mighty arms. In this chapter these elements will be discussed, to see in what way democracy is influenced in this manner and whether society itself is trying to change the tide fifty years after Eisenhower's warning.

3.3.1 *Great statesmanship*

The first element of balance that Eisenhower mentions is the element of great statesmanship. He states that in order to achieve a nation in which real balance predominates, it is important to have a responsible government. In previous chapters of this thesis it has been shown that the problem of acquisition of unwarranted influence by the MiC starts with the government, more specifically the president and Congress. Therefore, Eisenhower states that the government is the entity that can turn the tide, and it is thus the task of great statesmanship to counteract the unwarranted influence of the MiC.²¹⁵ He argues that the government needs "responsible officials who are determined to have a defense structure of adequate size but are equally determined that it shall not grow beyond that level...[These officials must do their best] to achieve real security without surrendering to special interests."²¹⁶

Eisenhower states in his Farewell Address that the "potential for the disastrous rise of misplaced power exists and will persist."²¹⁷ With this message, Eisenhower warned for the fact that collaboration between the federal government and the alliance of military and industrial leaders was vulnerable for the abuse of power.²¹⁸ Eisenhower did not rely on the Federal Government. He was worried about the growth of the government and the systematic loss of the state and the local autonomy. He was worried about a government that spends

²¹⁴ Eisenhower, 'The Farewell Address', 20.

²¹⁵ *Idem*.

²¹⁶ Eisenhower, *Waging Peace*, 615.

²¹⁷ Eisenhower, 'The Farewell Address', 16.

²¹⁸ History, '1961, Eisenhower warns of military-industrial complex', *presidential* (2015): <http://www.history.com/this-day-in-history/eisenhower-warns-of-military-industrial-complex>

more than it receives, and he was afraid that enormous defense expenditures would lead to a merger of the defense-industry with the Pentagon and the big government. In that case, decisions would only be made in favor of this cabal, at the expense of democracy.²¹⁹

Before Eisenhower became president, American presidents justified their extraordinary power because the nation was at war. Every time when a war ended, this extraordinary power ceased to exist.²²⁰ That is how it is regulated in a democracy: the citizenry delegates power to the government, and hence the latter has only such power as are delegated to it. Right now it seems that that power cannot be justified anymore, according to this system.²²¹ Especially when it comes to the constitutional balance of powers, it can be said that a lot has changed since the time when Eisenhower was president. The most evident example is the practice of signing statements. When presidents sign a congressional bill into law, it has become a practice of the president to add a statement in which he indicates his understanding of the intention of the bill. President Bush has changed this practice into a claim for authority to ignore the provisions of a bill with which he disagrees. This means that he has claimed the authority to ignore congressional attempts to regulate the military (and many other things). He actually claims that he does not have to obey congressional law that prohibits US troops to engage in combat in Colombia; or laws that oblige him to inform congress when he diverts money to start secret operations; or laws that prohibit the military to use intelligence unlawfully collected.²²²

Through these previous mentioned developments (especially the president's power over Congress) it has become much more easy for the president of the United States to act according to his own preferences. In that perspective it can be said that the president obtained much more power than ever before. No matter which president is in power, the military, intelligentsia and the war industry will always support and co-opt the president. Eisenhower's diary 'The White House Years', should be a guide/manual for the policy officers of today, who are easily being seduced by nice words, complicated communication devices, and the ultimate trust they put in the people that are often wrong. Eisenhower was not vulnerable for these issues because through his long military career he saw the risks that were carried out by military officials, intelligence community and their allies in the arms industry. Therefore, Eisenhower warned for this combination in his Farewell Address, a combination with an

²¹⁹ Carafano, J.J., 'From Ike's Dilemma to Obama's Disaster', *Heritage* (January 2011):

<http://www.heritage.org/research/commentary/2011/01/from-ikes-dilemma-to-obamas-disaster>

²²⁰ Wolin, S.S., *Democracy Incorporated: managed democracy and the specter of inverted totalitarianism* (Princeton, 2008) 235.

²²¹ *Idem*, 43.

²²² *Idem*, 236.

influence that could reach every city, statehouse, and every office of the federal Government.

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According to Andrew Bracevich, American political leaders have proven today, in comparison to Eisenhower, to be unable (or unwilling) to address the difference between how much we want to pay and what we can afford to pay. “As Vice President Dick Cheney, a self-described conservative, announced when told that cutting taxes might be at odds with invading Iraq, Deficits don’t matter.”²²⁴ This is exactly the kind of misplaced power that Eisenhower talked about. Deficits *do* matter; because how can the American economy grow when the feds borrows 42 cents of every dollar spend?²²⁵ This huge deficit is maybe the only thing that can create true political will to force cuts in the defense budget. Former Secretary of Defense, Robert Gates, said about this: “What it takes is political will and willingness, as Eisenhower possessed, to make hard choices – choices that will displease powerful people both inside the Pentagon, and out.”²²⁶

3.3.2 Alert & knowledgeable citizenry

In his Farewell Address Eisenhower states “only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals so that security and liberty may prosper together.”²²⁷ He argues that American citizens must be vigilant in monitoring the Military-industrial Complex, because only they can force the combination of industry and defense in the right direction, only they can oppose the influence of the Military-industrial Complex on our national life.²²⁸

Eisenhower’s Farewell Address is truly addressed to America’s citizens. It’s a message about citizenship. Citizens are responsible themselves to place checks upon the power of the ruler and administrator and prevent it from becoming vexatious.²²⁹ The ultimate responsibility

²²³ Boyarsky, B., ‘Eisenhower’s Warning Ignored, Presidential Power Has Risen to Sinister Level’, *Truthdig* (June 2012):
http://www.truthdig.com/report/item/eisenhower_and_the_disastrous_rise_of_misplaced_power_20120620

²²⁴ Bracevich, A.J., *The Limits of Power, the end of American exceptionalism*. The American Empire Project (New York, 2008) 10.

²²⁵ Carafano, ‘From Ike’s Dilemma to Obama’s Disaster’.

²²⁶ NPR, ‘Ike’s Warning Of Military Expansion, 50 Years Later’, *NPR* (January, 2011):
<http://www.npr.org/2011/01/17/132942244/ikes-warning-of-military-expansion-50-years-later>

²²⁷ Eisenhower, ‘The Farewell Address’, 16.

²²⁸ Eisenhower, *Waging Peace*, 615.

²²⁹ Bracevich, *The Limits of Power, the end of American exceptionalism*, 68.

for the protection of democracy is thus in the hands of the citizenry themselves. Therefore, it is very important that the American citizens exercise strict oversight.²³⁰

Unfortunately this is not the case today. According to Sheldon S. Wolin, known as one of the most influential American political theorists of the past fifty years, citizens are manipulated by ‘*managed care* and by the managers of fear’. Citizens are being paralyzed by fear and they cannot do anything than to follow the instructions of the authorities. Fear for terrorist attack or fear for natural disasters are all reasons for citizens to look to the government for protection and to defer to official judgments.²³¹ One of the tactics to create a managed democracy is, according to Wolin, to encourage a *discouraged democracy*. The idea behind this kind of democracy is that the large majority of the population is being discouraged from using their power (their votes) to promote social programs. They create vote apathy as a consequence of the idea that their government will not respond to their needs. Power is unequally distributed, which leads to social inequalities. Because the majority realizes that they do not have enough power to change their wellbeing, they do not see why they should bother. Today the American citizens have the widespread perception of politics as corrupt and they believe that their votes do not make any difference. The result is democratic decline.²³²

In a democracy citizens should be participants. The citizen should be encouraged to participate in decision-making practices. Policy- and decision-making will then become matters of common discussion and suggestion, and will not be a previously made decision by the elite. So it is not just about citizens as being voters, but the citizenry must become an active demos.²³³

The problem is, that this is not happening today. Andrew Bracevich calls it “a minimalist conception of citizenship that relieves individual Americans of any obligation to contribute to the nation’s defense, which allows Washington wide latitude in employing US military power. Unnecessary and misguided wars are but one deleterious result.”²³⁴

From the above it can be said that when those in power continue with today’s military and fiscal policies, American citizens have only themselves to blame for the outcome. The Military-industrial Complex could only be dismantled when those citizens would define

²³⁰ Bracevich, A.J., ‘The Tyranny of Defense Inc.’, *The Atlantic* (2011):

<http://www.theatlantic.com/magazine/archive/2011/01/the-tyranny-of-defense-inc/308342/>

²³¹ Wolin, *Democracy Incorporated*, 198.

²³² *Idem*, 60-197

²³³ *Idem*, 186-187.

²³⁴ Bracevich, A.J., *Washington Rules, America’s path to permanent war* (New York, 2010) 246.

national defense as a collective responsibility, as George Washington urged, and when they demanded the state to operate on a pay-as-you-go basis.²³⁵

Americans take the Military-industrial Complex and its influence for granted and are blind to its significance. It is only when something outrageous occurs, that the public takes notice, and often only very briefly. The fact that this iron triangle *is* the problem, rather than being the solution to problems is in need of some attention.²³⁶ However, the American citizens are ignorant and they are not paying any attention, because many of them are distracted by all kinds of concerns, like having a job when there's almost 10-percent unemployment.²³⁷

3.3.3 *Element of time*

In order to maintain balance, we must think about the element of time according to Eisenhower. He says that one of the greatest dangers for democracy and liberty is the impulse to live only for today. Then, people could start to plunder the precious resources for their own ease and convenience, without keeping the future generation in mind. This would be a real danger for the material assets of our grandchildren, as Eisenhower argues. Therefore he says: “we want democracy to survive for all generations to come, not to become the insolvent phantom of tomorrow.”²³⁸ Eisenhower already predicted that when the MiC increases, American democracy turns to be more fragile and unstable. The MiC challenges America’s democratic values, the values with which the Founding Fathers have created the US constitution.²³⁹

So we must avoid the impulse to live only for today, by which we will plunder our resources of tomorrow. However, this is exactly what happened with the so-called *credit card* wars in Iraq and Afghanistan. These wars are paid with borrowed money, and the burden of these costs will be felt by all American taxpayers for years to come.²⁴⁰ This borrowed money has led to a deficit that has reached an amount of uncontrollable proportions. In the post 9/11

²³⁵ Bracevich, *Washington Rules*, 247.

²³⁶ *Idem*, 23.

²³⁷ NPR, ‘Eisenhower's Warning Still Challenges A Nation’, *NPR* (January 2011): <http://www.npr.org/2011/01/16/132935716/eisenhowers-warning-still-challenges-the-nation>

²³⁸ Eisenhower, ‘The Farewell Address’, 20-21.

²³⁹ Ziabari, K., ‘Is The Military-Industrial Complex Invincible?’, *Global Research, centre for Research on Globalisation* (May 2014): <http://www.globalresearch.ca/is-the-military-industrial-complex-invincible/5382534>

²⁴⁰ Independent, ‘Ike was right all along: The danger of the military-industrial complex’ (January 2011): <http://www.independent.co.uk/news/world/americas/ike-was-right-all-along-the-danger-of-the-military-industrial-complex-2186133.html>

period, the Pentagon budget was 305 billion dollar and the total national debt was at 5.7 trillion dollar (2001). This was the case in 2001 when George W. Bush became president. By the time that Bush left the office, the total federal debt had reached 10.6 trillion dollar. When Obama became president, defense spending kept increasing, while tax receipts fell. As a consequence the annual budget deficit has now reached 19,2 trillion dollar (June 2016).²⁴¹ A study by the nonpartisan Congressional Budget Office predicted on the basis of his own financial analysis that in 2019 the total national debt would surpass 21 trillion dollar. This is an amount that would be even greater than the nation's GDP.²⁴² Joint Chief of Staff Chairman Adm, Michael Mullen said about this: "the most significant threat to our national security is our debt." And this is right. The US cannot defend itself when Washington will go bankrupt.²⁴³

3.3.4 Arms must be strong and mighty

According to Eisenhower, America's military establishment plays a vital role in achieving permanent peace, human betterment and liberty. In his Farewell Address he states that the arms must be mighty and ready for instant action, so that a possible threat can easier be eliminated. Therefore, a permanent armaments industry of vast proportions is needed.²⁴⁴ Those in power must be determined to have a defense structure of adequate size, however, it must not grow beyond that level. They must strive for real security, without being influenced by beneficiaries of the MiC, Eisenhower argues.²⁴⁵

So it can be questioned whether the US military budget of today makes the US more secure as a nation. If the United States would not exceed the military spending of the rest of the world, but only equaled the combined defense budgets of, for example, Russia, China, Iran and North Korea, would the US then face great danger? If the United States stockpile consisted of merely hundreds of weapons rather than thousands, would the US then be far more vulnerable for threats and attacks? Probably not. However, when answering these questions from the viewpoint of the beneficiaries of the MiC then the answer would be yes. They argue that America's unique responsibilities of spreading democracy and peace, require extraordinary capabilities, and thus high military budgets, an enormous weapons arsenal, and being military present around the world is strongly needed.²⁴⁶

²⁴¹ US Treasury, 'US National Debt', *US Debt Clock* (June 2016): <http://www.usdebtclock.org/>

²⁴² Bracevich, *Washington Rules*, 245.

²⁴³ *Idem*.

²⁴⁴ Eisenhower, 'The Farewell Address', 13-14.

²⁴⁵ Eisenhower, *Waging Peace*, 615.

²⁴⁶ Bracevich, *Washington Rules*, 227.

The US military budget must therefore be reallocated. If half of the military budget would be reallocated to domestic needs, the US would still be the largest military force in the world and on top of that the US would have funds for education, infrastructure, and green energy platforms, of which especially the last one would lead to the creation of thousands of jobs.²⁴⁷

²⁴⁷ Berrigan, F., 'Cutting & Reallocating Military Spending, Taking Care of Soldiers, & Increasing National Security', *New American Foundation* (n.d.):
<http://www.seeinnovation.org/Documents/NAF.pdf>

3.4 CONCLUSION

Part III of this thesis was about the influence of the MiC on democracy. The focus has been placed on the institutions and individuals that exert this influence and what the grave implications are on society. Eisenhower states in his Farewell Address that the influence of the Military-industrial Complex would be on the entire structure of the American society: economic, political, and spiritual.

Eisenhower argues that extra military burdens could harm the US' economy. From the analysis of this chapter it can be concluded that this is also the case today. Excessive Federal military spending has only inflationary deficits or repressive taxation as a result. This leads to the destabilization of America; hence the security of the nation will be undermined. Especially the heavy burdens on the taxpayers have negative results on the US economy: it leads to a decline in consumption and investments. The bottom line is this, if Federal spending on defense would decrease, taxes, deficits, and inflation would be lower.

According to Eisenhower, the MiC also has a spiritual influence, in the sense that it could change our mind and mentality. From the analysis it can be concluded that Eisenhower's prediction came true. Today, millions of Americans owe their livelihood to the production of defense-related items. This chapter has shown that the production of these kinds of items has become a way of life instead of merely seeing it as a means to defend the nation. Next to that, the American society has been influenced by the militarization of the American culture. They are being indoctrinated by all the propaganda for the military around them.

The third pillar of influence mentioned by Eisenhower, is political influence. This chapter has shown that political representatives are often being pressured by various institutions in order to act according to their preferences. Defense contractors hire lobbyists and PR firms to pitch their case to these political representatives, in order to obtain large, contracts. Clearly the defense industry has a lot of influence in American politics.

Eisenhower argued that this influence sphere is very dangerous, and therefore the MiC must be countered by balancing its forces. Eisenhower argued that the MiC endangered America's democratic processes and mentioned a couple of elements that could change the tide. The first element is the element of great statesmanship. From the analysis in this chapter we can conclude that it has become much more easy for the president of the US to act according to his own preferences (hence, indirectly the preferences of the defense industry). In that perspective it can be said that the president obtained much more power than ever before. Eisenhower also stated that we must guard ourselves against misplaced power. Today

this misplaced power is most noticeable in the fact that the US keeps borrowing money from china for its defense system, without thinking about the consequences.

What America needs is an alert and knowledgeable citizenry, says Eisenhower. However, citizens are being paralyzed by fear nowadays, and therefore they cannot do anything than to follow the instructions of authorities. Citizens should be more actively being involved in politics as real participants. Washington has retrieved too much power nowadays, and they only got the possibility to do that because the citizenry is not paying any attention. They are ignorant, and above all, they do not know how their tax money really is spent. Only one result has come from this: democratic decline.

The third element that has been discussed is the element of time. Eisenhower argued that we must avoid the impulse to live only for today and plundering the resources of tomorrow, because that would be one of the greatest dangers for democracy and liberty. Also this warning still counts today, as America is borrowing enormous amounts of money to pay for their defense establishment. By fighting wars with borrowed money, American decision makers are not thinking about the future. The burden of these costs will be felt by all American taxpayers for years to come.

The last element of balance, mentioned by Eisenhower, was that arms must be strong and mighty, and ready for instant action. America's military establishment plays a vital role in achieving peace, according to Eisenhower. Therefore, he said, we need a defense structure of adequate size, strong enough to safeguard the nation's peace and security, but it must not grow beyond that level. But does this enormous Federal defense budget makes the nation safer? The high budget deficits (and debt) that are partly a result of the huge defense budget cause for less stability and safety. In this chapter it has been shown that America's citizens must acknowledge the imbalance of resources that are invested in America's military establishment nowadays. Half of the US military budget can be reallocated to other domestic needs, because even with half of its defense budget, the US would remain the largest military force in the world. The result of this reallocation of the defense budget and revision of the US' military would be a more stable and secure nation.

*“Down the long lane of the history yet to be written
America knows that this world of ours, ever growing smaller, must avoid
becoming a community of dreadful fear and hate, and be instead, a proud confederation of
mutual trust and respect. Such a confederation must be one of equals... Disarmament, with
mutual honor and confidence, is a continuing imperative. Together we must learn how to
compose differences, not with arms, but with intellect and decent purpose.”*

- Eisenhower, D.D., ‘The Farewell Address’ (January, 1961)

II. FINAL CONCLUSION

This is a thesis written with the purpose to investigate whether Eisenhower's warning for the Military-industrial Complex still holds true today. The literature report showed that there is no consensus among (American) authors about the effects the MiC can have on American society. This disagreement has made it very interesting to look back on Eisenhower's warning, especially since a lot has changed in America's foreign policy in the past fifty-five years. The disagreement in public discourse about the MiC led to the following research question: *Is Eisenhower's warning for the unwarranted influence of the Military-industrial complex still applicable today?*

The first part of this thesis analyzed Eisenhower's warning in his Farewell Address. What he warned for was the total influence of the MiC on the entire American society. The influence would be economic, political and spiritual and it would be felt everywhere. From this analysis it can be concluded that the Farewell Address was not just a message about the growing influence of the MiC and the 'waste' of money it brought along, it was a message about the threats the MiC posed to democratic processes and most importantly it was a message about citizenship.

To determine whether the MiC has a *total* influence today, an analysis has been executed to see if the MiC, as described by Eisenhower, still exists today. Eisenhower referred to the MiC as a dangerous combination, a combination of three pillars (which were observed by Eisenhower's speechwriter): the abundance of defense contractors, the domination of scientific research, and the large numbers of defense professionals.

The analysis of the first pillar (the defense contractors) laid out the amount of money spent on the US military, by investigating the money spent on national security in general, and in particular the money spent on defense contracts. In real figures military expenditures clearly increased in the past fifty years, as US national security spending has almost doubled in real figures since Eisenhower has left office. The money spent on defense contracts is still very high. However it cannot be determined whether the amount spent on defense contracts increased, as the available data is in absolute figures.

The analysis has showed that also the second pillar experienced an increase. In 2015 the government spent almost six times more on defense R&D than it did in 1953 in real dollars. Also the number of military-educational institutions and universities that conduct Pentagon-funded research increased. Moreover, the government spends now much more on contracts for FFRDC's than it did in the nineteen-fifties. Through this enormous increase in

expenditures on defense R&D, the Pentagon can often dictate now the sorts of research that get undertaken and the sorts that do not.

And also the last pillar of the MiC is still alive and kicking today. The rent-a-general business has become very popular lately, so popular, that now almost all retired officers end up working for defense-contractors. For the MiC this is a very fruitful development as the rent-a-general business has a certain influence on decision-making because of the fact that some of the defense professionals also have a pentagon advisory role (which brings along a conflict of interest).

It can be concluded that this *dangerous combination* consisting out of three pillars (described by Eisenhower as the MiC), still exists, but it did change though. Defense expenditures increased and competition has faded away as there are now only just a few defense contractors left. Next to that, the power of money remains very present, as the defense industry is even more focused on the government as their biggest customer.

However, these spending numbers alone did not tell the whole story, as the influence of the MiC was *economic, political, even spiritual* and that it was felt in *every city, every statehouse, every office of the federal government*, according to Eisenhower.

Eisenhower argued that through an increase in defense spending the MiC would only damage the capacity of the US economy. The analysis has shown that the negative effects from increases in defense spending indeed outweigh the positive effects on the US economy. The increase of defense spending could only be cost-effective when it would improve national security (which should be its primary purpose). It is shown that this improvement is very doubtful as the huge expenditures on defense are partly paid with borrowed money. The huge deficit, which is the result of this, will eventually cause for heavy burdens on the taxpayer, which will not have a positive effect on the US economy and on US stability.

This thesis has also shown that the MiC still has a strong social and spiritual influence. Enormous amounts of citizens rely on their jobs in the defense industry and therefore, they applaud the gigantic Federal contracts granted to the defense industry. These citizens see the production of defense related products as a way of life, instead of merely as a means to defend the nation, as they owe their prosperity and livelihood to it. Also, the heavy militarization of the American culture over the past fifty years exerts a strong influence on the minds and mentality of American citizens.

Last of all, the political influence of the MiC has been investigated. This part showed that the defense industry has a large grip on the members of Congress, by the use of lobbyists and political campaign contributions. By these donations, the defense industry tries to secure government contracts.

It can be concluded that the Military-industrial Complex still has an unwarranted influence on the entire society and the abuse of power by the MiC is ever present. The defense industry obtains unwarranted influence via lobbyists and campaign donations and the government makes use of the malfunction in the constitutional balance of power (Presidential Signing Statements). Eisenhower's warning for the unwarranted influence of the Military-industrial Complex is therefore still applicable today and gravely to be regarded.

What it takes according to Eisenhower, are capable political leaders who do know the difference between what they *want* to spend on defense, and how much they *can* spend. They must ignore the impulse to live only for today, as the long term costs of the MiC (the debt) are something to worry about. Eventually, the responsibility for the protection of democracy is in the hands of the citizenry. National defense is a collective responsibility and without the participation of citizens it is not that difficult for the Military-industrial Complex to obtain large influence on the entire society.

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