The Military-Industrial Complex

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Abstract: In his 1961 farewell address, President Eisenhower cautioned against a future in which a powerful military-industrial complex manipulated policy to the detriment of American interests. Dunlap argues that, fifty years later, Eisenhower’s fears have not been realized; in fact, the military-industrial enterprise is in decline. Certainly, the U.S. military owes its continued preeminence to both the quality of its combatants and the superiority of its weaponry. Yet as the manpower-centric strategies in Afghanistan and Iraq replaced technology-centric operations; as complicated defense acquisitions laws deterred companies from obtaining contracts; and as the economic downturn and rising national deficit have strained budgets, the defense industry has become less robust than it was in the Cold War era. Consequently, the services are constrained by aging equipment and outdated technology, even as other countries are strengthening their defense capabilities. While it is important to keep U.S. military and industrial power in check, we should also be concerned about the weakening of innovative collaborations between our nation’s military and industrial sectors.

[The] conjunction of an immense military establishment and a large arms industry is new in the American experience....[W]e 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. We must never let the weight of this combination endanger our liberties or democratic processes.

–President Dwight D. Eisenhower (1961)

When President Eisenhower uttered this warning in his farewell address, he forever fixed in the public mind the idea – in its most histrionic manifestation – of an ever-present menace posed by grasping arms merchants in league with war-mongering generals. This cabal, so the theory goes, lurks in the shadows waiting for an unguarded moment in which to subvert the American way of life for its own venal purposes. To writer James Ledbetter, the stereotype of the shady arms merchant is still alive and well. In a New York
Times article from late 2010, he contends, “It is not a stretch to believe that the armaments industry – which profits not only from domestic sales but also from tens of billions of dollars in annual exports – manipulates public policy to perpetuate itself.”

With total annual U.S. defense expenditures now exceeding $700 billion, Eisenhower’s celebrated caution seems to many observers to be as apt today as ever. Indeed, in the November/December 2010 issue of Foreign Affairs, political commentator William Pfaff argues that the full-time, professional military – “supplemented by a nearly equivalent number of civilian mercenaries” – substitutes for the “citizens’ army” he believes conscription produced in the past. The result, he declares, is a force “directly accountable only to the Pentagon [and one that] exists primarily to augment the national ‘military-industrial complex’ against which President Dwight Eisenhower warned.”

Pfaff’s concerns are hardly limited to the “military” portion of Eisenhower’s dictum. He also asserts that “defense and security industries,” “the most important” components of the U.S. manufacturing sector, are positioned to “dominate Congress, as well as an inexperienced administration” via the industries’ “corporate interests.” To Pfaff, the United States is “a state owned by its army.”

Ledbetter and Pfaff are not alone in their critique of the interplay between military money and American policy and stature abroad. In a May 2010 speech, Republican Representative Ron Paul of Texas railed against “blank checks to the military-industrial complex,” which, he maintains, does little to defend against authentic threats. Paul contends that costly overseas military operations “in many cases foment resentment that does not make us safer, but instead makes us a target.” Further, if military spending is inadequately examined, he argues, it will exacerbate the U.S. budget crisis that is “bankrupting the nation and destroying our own currency.”

To what extent do the concerns raised by Ledbetter, Pfaff, and Paul reflect Eisenhower’s original thinking? If America’s powerful military is popular and trusted by the electorate, does its reputation indicate the “proper meshing” of military and industry that the farewell address calls for? Or should we be as concerned today as Eisenhower was five decades ago?

Eisenhower was apparently thinking of the future, not accusing contemporary institutions of malevolence. Referring to “unwarranted influence” both “sought” and “unsought,” he took care not to cast aspersions on anyone. In fact, recent scholarship reveals that Eisenhower deliberately toned down his language from that of more antagonistic earlier drafts. As the former five-star general who led the allied effort to defeat the Nazis, he, of all people, appreciated the need for a powerful military buttressed by a strong and creative industrial infrastructure.

Rather than criticizing either the military or the arms industry, Eisenhower merely pointed out that the Cold War had created for the first time in American history a need to maintain, in a period of putative peace, a very large military establishment as well as an equally sizable arms industry. To Eisenhower, this unprecedented phenomenon required constant scrutiny by the electorate. An “alert and knowledgeable citizenry,” he said, was necessary to ensure “the proper meshing of the huge industrial and military machinery of defense . . . so that security and liberty may prosper together.”

The prescription for an “alert and knowledgeable citizenry” is perhaps the strongest rationale for the continuing vitality

136

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of Eisenhower’s speech—albeit for reasons he may not have anticipated. In truth, a robust “military-industrial complex” remains an essential element of a democracy facing diverse and existential threats in a dangerous world. In the twenty-first century, however, America’s citizenry needs to be alert not just to the risk of capitalism cum militarism run amok, but also—paradoxically—to the perils of a declining military-industrial enterprise. Surprisingly, accumulating evidence shows that the complex’s once-feared power is rapidly and dangerously ebbing. Virtually all experts agree that America’s armed forces have achieved—and continue to maintain—their martial dominance not just because of the quality of their combatants, but also because of the superiority and abundance of their weaponry and equipment. Those attributes, in turn, are the result of the creativity and productivity that a highly competitive free-enterprise system generates.

In the defense sector, however, that competitiveness is evidently waning. In 2008, the Defense Science Board glumly noted how the military-industrial complex had transformed since Eisenhower expressed his qualms:

The U.S. Defense industrial base changed significantly…since the end of the Cold War….From fifty major defense contractors at the beginning of the 1990s, the defense industry consolidated into six large defense firms by the end of the decade. While competition still occurs between a few firms in each sector, the Government buyer can no longer benefit from a highly competitive defense market.  

In its 2010 report to Congress on industrial capabilities, the Pentagon insists that it still relies on market forces to maintain the vitality of the industrial base. At the same time, it reiterates concerns about the loss of competition to consolidation over the past decade, conceding further that “the pace of these consolidations does not seem to be slackening.”

Consolidation does not, as Eisenhower’s admonition might have supposed, translate into an even more powerful and united military-industrial establishment; to the contrary, consolidation reflects the complex’s declining fortunes.

Decline? With a budget of over $700 billion? How can the military-industrial complex be eroding given that the U.S. share of defense spending amounts to nearly 48 percent of the worldwide total? While these figures may seem remarkable, military spending as a percentage of GDP has dropped strikingly since the Eisenhower era. In 1961, defense spending constituted 9.4 percent of GDP; by 2010, it had fallen by half, to 4.7 percent, and much of that is not headed to arms makers’ coffers.

This shift is caused in part by changes in how the Pentagon identifies and responds to threats. In the latest version of the congressionally mandated Quadrennial Defense Review, the Pentagon declares that “America’s interests and role in the world require armed forces with unmatched capabilities”; nevertheless, it narrows that globally oriented perspective by defining its top objective as prevailing in “today’s wars” in Afghanistan and Iraq.

The focus on Iraq and Afghanistan has significant implications for the defense industry because the strategy employed in those wars is manpower-intensive and inclined toward low-tech solutions. Based on the highly acclaimed counterinsurgency doctrine authored largely by the popular and politically savvy General David Petraeus, the strategy eschews technology, arms, and equipment. Instead, the approach favors deploying masses of foot soldiers, each one prepared to become a “social worker, a civil engineer, a...
school teacher, a nurse, a boy scout.”

Embraced by liberals and conservatives alike, the doctrine justified a huge expansion of American ground forces.

A manpower-centric strategy is, however, extremely costly. The military spends about $1 million to deploy a single soldier to Afghanistan for one year. Moreover, the cost of military personnel, deployed or not, is soaring. With expenditures for military health care alone now topping $50 billion a year, Defense Secretary Robert Gates understandably claims that such expenses are “eating the Defense Department alive.” Unlike Eisenhower’s era of poorly compensated conscription forces, today the Department of Defense (DOD) must fund a growing panoply of benefits and inducements enacted to support the all-volunteer military since the draft ended in 1973.

Financing this new kind of military is creating what one Pentagon official has called a looming “fiscal calamity.” The consequences for the arms industry are clear: an unnamed official told The Washington Post that the “government’s generosity [toward military personnel] is unsustainable” and that such expenses will leave the Pentagon with “less money to buy weapons.” Few of what dollars remain will be allocated to the expensive “Cold War” weaponry and missiles that concerned Eisenhower.

The producers of intercontinental ballistic missiles, for example, are unlikely to acquire the “misplaced power” Eisenhower feared. To the contrary, Ilan Berman of the American Foreign Policy Council warns: “[P]ractically every declared nuclear weapon state is engaged in a serious modernization of its strategic arsenal. The United States, by contrast, has allowed its strategic infrastructure to atrophy since the end of the Cold War.”

Sophisticated weaponry does not appear to be a Pentagon priority, notwithstanding the influential status supposedly enjoyed by arms makers. Secretary Gates plainly states that “any major weapons program, in order to remain viable, will have to show some utility and relevance to the kind of irregular campaigns that . . . are most likely to engage America’s military in the coming decades.” Irrelevant, it seems, are the big-ticket, high-technology air and naval platforms that enriched many defense firms in Eisenhower’s day.

To be sure, equipment still plays a vital role in irregular warfare. Retired Army General Barry McCaffrey argues that the combined effects of such developments as unmanned drones and hyper-accurate munitions have “fundamentally changed warfare.” However, many of those advances do not necessarily reflect new programs that stimulate industry to produce particularly inventive or revolutionary technologies. Rather, these innovations more often represent a repurposing of existing equipment designed and built for use against Cold War adversaries.

Notably, one of the largest new equipment programs specifically designed to address the “irregular campaigns” that Secretary Gates refers to did not emanate from the machinations of the military-industrial complex or, for that matter, the Pentagon. Congress initiated the $35 billion Mine Resistant Ambush-Protected (MRAP) vehicle program in response to constituent complaints about horrific injuries to soldiers from improvised explosive devices (IEDs) in Iraq and, later, in Afghanistan. In terms of impact on the industrial base, the MRAP venture produced few new or dramatic innovations.

Why did the program fail to encourage technological advancement? The urgency of the acquisition program required it to rely “only on proven technologies and commercially available products.” Further, in order to rapidly “expand lim-
ited production capacity,” contracts were spread to nine commercial sources.”

Even with these precautions, the program is not without difficulties. Indeed, the Congressional Research Service recently reported that “almost 5,000 MRAPs in Afghanistan are not being used because of their size and weight” as well as “possible redundancies” with other equipment. This excess inventory all but guarantees that the manufacturers will not coalesce into a permanent military-industrial entity capable of the overreaching Eisenhower feared.

Initially, contractors providing services seemed to fare better than arms makers in profiting from Gates’s “irregular campaigns.” Counterinsurgency expert T. X. Hammes argues that the extensive use of such contractors—including those that provide armed security services—in conflict areas “aligned with previous decisions and the administration’s faith in the efficiency and effectiveness of private business compared to governmental organization.” However, widely reported allegations of abuse and fraud obliged Congress to intervene. Beginning with the creation, in 2004, of the Office of the Special Inspector General for Iraq Reconstruction, Congress used investigations, hearings, and new laws to rein in contractors in war zones. With more regulation likely to be forthcoming, it seems clear that even if this assemblage of contractors had designs on “unwarranted influence,” recent events have conspired to prevent such an outcome.

Additionally, the halcyon days for service support and advisory contractors stationed away from the battlefield appear to have ended as well. Secretary Gates concludes that the DOD has “grown over-reliant on contractors.” He suggests they “may be performing functions that should be done by full-time government employees, including managing other contractors.” Consequently, Gates directed the DOD to “reduce funding for service support contractors by 10 percent each year for the next three years.” Accordingly, much of the work formerly done by outside contractors is being in-sourced to DOD employees.

All this activity portends the weakening influence of contractors in the Pentagon and elsewhere.

The complexities of defense acquisition laws and regulations put in place since 1961 also diminish the cohesion that would facilitate the accumulation of “unwarranted influence” by the military-industrial complex. According to Patrick Wilson, the director of government affairs for the Semiconductor Industry Association, the “defense acquisition process is so cumbersome that many high-tech firms shun government sales.” The bureaucracy of the procurement system, he says, is “ridiculous.”

Calling the acquisition system “ridiculous” may be an exaggeration, but not by much—even when the stakes are very high. For example, the Air Force has been trying since 2002 to replace its aging aerial tanker fleet, whose aircraft, on average, are more than forty-seven years old. Yet a variety of legal and technical issues stymied the project for years, despite its being valued at as much as $35 billion. A sophisticated military-industrial complex endowed with treacherous proclivities toward excessive influence would be expected to have greater success in bringing such a lucrative opportunity to fruition sooner.

Another factor diminishing the ability of major defense firms to accrete unbounded power is the maze of legally mandated acquisition policies intended to serve social purposes as much as strengthen national security. For instance, The Washington Post reports that a
“tiny, inexperienced firm” received a $250 million contract “without competition, under special set-aside exemptions granted by Congress to help impoverished Alaska natives.” At the time of the contract award, the company had only eighteen employees and $73,000 in revenue the previous year. However one views the wisdom of set-asides, adherence to such exemption policies seems to counteract concerns about the dangerous influence of huge corporate monoliths.

Of all the factors emasculating America’s military-industrial complex, however, none is as significant as current economic conditions. The arms industry is caught in the throes of forces vastly more powerful than it could aspire to wield: the severe global economic downturn; the near meltdown of the U.S. financial system; and the ballooning deficit all combine to spark calls on both sides of the political aisle for sharp cuts in discretionary spending— a major portion of which is the defense budget.

Military spending distressed and frustrated Eisenhower. His melancholy is captured in a 1953 remark that, though less well known than his farewell address, is powerful and thought-provoking:

> 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 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.

Although the American people have generally endorsed expanding military budgets since 9/11, that support may be flagging— especially with respect to war costs in Afghanistan. According to a USA Today/Gallup poll in late November 2010, 60 percent of Americans worry that “costs of the war in Afghanistan will make it more difficult for the government to address the problems facing the United States at home.”

Likewise, an ABC News/Washington Post poll in early December 2010 found support at historic lows, with 60 percent of Americans characterizing the war, in fiscal terms, as “not worth fighting.”

Secretary Gates, who gamely insists that “the truth of the matter is when it comes to the deficit, the Department of Defense is not the problem,” supports a series of cost-saving initiatives to address potential defense spending reductions, including cuts in selected weapons systems. Although he wants to invest the savings in fewer but higher-priority systems, hopes are dimming in the defense industry that arms purchases of any kind will escape the budgetary ax, especially given that the president’s highly influential National Commission on Fiscal Responsibility and Reform recommends applying any savings generated by the DOD to deficit reduction, not weapons.

While “despondent” would be too strong a word, there is little evidence that arms manufacturers are bullish about the future of arms sales. They are likely to embrace the blunt advice issued by defense analyst Loren Thompson in late 2010. Commenting on a recent solicitation for a new Army ground combat vehicle, Thompson surmised:

> Defense companies need to start thinking seriously about diversifying their product mix away from a capricious government customer. Diversification is the “D” word defense investors are loathe to voice, but look at what General Dynamics accomplished by its foray into business jets and you begin to see a way forward for defense companies in what could be a very bleak decade.
Clearly, the industrial part of the military-industrial complex has not developed in a way that might have caused Eisenhower great alarm. Given the relative impotence of the defense industry, then, how wary are the American people today of the military’s potential for perfidy? Not very, it seems.

While no formal assessments of the views of the U.S. body politic have asked this question explicitly, several polls shed some light. For example, among the institutions in which Americans had the most confidence in 2010, small business ranked second only to the military.35 However, big business – the type one would associate with Eisenhower’s admonition – ranked almost at the bottom. Military officers also headed the list of institutional leaders in whom the public had the most confidence, with small-business managers right behind them.36 The executives of major companies, meanwhile, trailed both groups significantly.

On values, a November 2010 Gallup poll found that only nurses were more highly rated in the public’s esteem than military officers. Indeed, 73 percent of Americans rated the honesty and ethical standards of officers in the armed forces as high or very high. Only 15 percent of the public gave business executives such high marks.37 Ironically, despite high confidence in – and deep respect for – the military, a majority of Americans also said in 2010 that they do not believe the United States will be the top military power in twenty years. Strikingly, many hold this view alongside the further belief that the nation “will continue to have combat troops regularly involved in fighting around the world over the next two decades.”38 How to reconcile these two predictions is unclear; nonetheless, the survey results suggest that the public does not foresee an ascent of U.S. military power.

Furthermore, affection for and confidence in those serving in uniform does not necessarily translate into political power. General Wesley Clark’s 2004 presidential campaign foundered despite exemplary military service, including successful leadership of NATO forces in the 1999 Kosovo conflict. Recent elections, including the November 2010 midterms, have witnessed a growing number of congressional candidates who were veterans of the wars in Iraq and Afghanistan; most, however, have lost their bids.39 Perhaps the veterans’ electoral inexperience plays a role in these losses, but the results nevertheless intimate an electorate that readily distinguishes between the qualifications of uniformed military personnel and those of political leaders.

Additionally, a series of laws and regulations enacted in the aftermath of Watergate and other scandals pose significant obstacles to the kind of military-industry collusion that underpinned Eisenhower’s 1961 warnings. The 1978 Ethics in Government Act40 and accompanying regulations formalized conflict-of-interest rules and financial disclosure requirements designed to limit untoward influences. In a celebrated case, a senior civilian Air Force acquisition official was convicted for giving Boeing, a major defense contractor, “preferential treatment in exchange for a job.”41

Rules limiting the activities of retired officers were expanded in Fall 2010. A series of reports in USA Today and other media highlighted the role of “military mentors,” retired generals who provide consultation services for defense programs. USA Today claimed that 89 percent of the mentors it found “also had financial ties to defense contractors, who could profit from the mentors’ connections.”42 As a result of those findings, Secretary Gates – who himself made a
fortune in his post-CIA career—imposed a series of new rules that limited the annual DOD compensation of retired generals for mentoring services to $179,000. The policy further obliges them to publicly disclose their financial information and business connections to the same degree that those still serving on active duty are obliged to do.

What do all the developments of the past half-century mean after the fiftieth anniversary of Eisenhower’s exhortation? Ledbetter claims that the warning “is as urgent today as ever.” He points not only to the “mounting long-term costs” of defense but also—somewhat disconnectedly—to the alleged “use of martial power” for the detention of terrorism suspects at Guantánamo Bay and wiretaps of Americans. While Eisenhower might have been disturbed by such events, Ledbetter seems to conflate these contemporary issues with the gravamen of Eisenhower’s concern: that is, the emergence of a near-conspiratorial alignment of military leaders and their analogues in the arms industry.

That combination does not exist. Indeed, one might say that Eisenhower’s warning was heard and heeded—with unintended consequences. The fading of the American military-industrial complex impacts U.S. military capability; the effect on America’s Air Force is but one illustration. Whatever influence the Air Force may have enjoyed in Eisenhower’s day is long gone. Consider Air Force Lieutenant General David Deptula’s dismal assessment from Fall 2010: “[W]e have a geriatric bomber force,” Deptula concludes, and “a geriatric fighter force. We have a geriatric Air Force, quite frankly.”

Aircraft age is not the only issue; numbers and sophistication are also a concern. For example, Defense News surmised that America’s current bomber fleet constitutes a “puny force against any serious adversary.” Even so, historian Michael Auslin of the American Enterprise Institute says that today’s budget restrictions are hitting airpower especially hard; consequently, he says, “[S]ome of the stunning joint creations of the Air Force and America’s defense industrial base . . . will likely never be repeated.” If budgetary trends are not reversed, he warns, the Air Force’s “future will look even grimmer than it does now.”

The deterioration of America’s defense infrastructure has captured the attention of Congress. During hearings on the defense industrial base in Fall 2010, Congress acknowledged “the security challenges posed by a shrinking defense industrial base and domestic supply chain.” Furthermore, Congress recognized that U.S. arms makers face the “proliferation of foreign-made and counterfeit parts, outdated technology, and a depleted manufacturing workforce.” But there are still too few tangible indications that “an alert and knowledgeable citizenry” will compel the necessary steps to ensure the appropriate level of military-industrial muscle is met and maintained.

Meanwhile, we must not ignore the fact that other nations—including potential adversaries—are strengthening their industrial base. The Pentagon’s 2010 report reveals that China’s defense industries have undergone a “broad-based transformation” since the 1990s. In fact, “[a]ugmented by direct acquisition of foreign weapons and technology, these reforms have enabled China to develop and produce advanced weapon systems that incorporate mid-1990s technology in many areas, and some systems—particularly ballistic missiles—that rival any in the world today.” Ominously, China’s industry is developing air capabilities to a degree that suggests China’s
intention to challenge “U.S. air power in the region.”

In other developments that show the internationalization of the arms industry, Russia and India have signed a deal to build hundreds of new “fifth generation” warplanes designed to best America’s most advanced fighters. In light of such reports, many experts are concerned that any additional cuts in U.S. defense spending “will dangerously erode the technological edge that America’s armed forces depend upon, and deserve.”

As Ilan Berman puts it, “Stagnation [in the defense industry] threatens U.S. arms superiority.” Some analysts go further. According to political commentator Zbigniew Mazurak, “[T]he U.S. is no longer unrivalled in terms of conventional weapons. Conventional threats are real and growing.”

The problem, however, may run deeper. Some analysts observe an “anti-modern warfare prejudice” within the U.S. military itself. Perhaps an outgrowth of the manpower-intensive counterinsurgency strategy in vogue today, this trend runs counter to the “high-technology” emphasis that strategist Colin Gray calls “the American way in warfare.” Indeed, Gray contends, American society “cannot possibly prepare for, or attempt to fight, its wars in any other than a technology-led manner.” But the ability to maintain such an approach depends on the existence of a vigorous, innovative, and profitable military-industrial enterprise.

Eisenhower’s dictum will always serve as a useful bellwether for the disquieting prospect of an unchecked confederation of military and industrial power. Still, in twenty-first-century America, the importance of context is becoming ever more evident. During Eisenhower’s presidency, a robust industrial base working effectively (if not always efficiently) with its military counterparts addressed the imperatives of the Cold War confrontation with the Soviet Union. That the perils of “misplaced power” were largely avoided is a critically important lesson. That is, inevitability need not be part of the lexicon of this issue.

Were he alive today, Eisenhower undoubtedly would have recognized that dismissing the military-industrial complex as the inveterate enemy of democracy is wrong and dangerous. Thanks largely to Eisenhower’s eloquent expression of caution, the United States has shown that it can effectively limit the reach of the military-industrial establishment. Now the question may be whether controlling influences—“sought or unsought”—have taken us too far.

Writing in The Wall Street Journal in late 2010, novelist Mark Helprin warns:

[History] tells us that, entirely independent of economic considerations, although not a dime should be appropriated to the military if it is not necessary, not a dime should be withheld if it is. The proof of this, so often and so tragically forgotten, is that the costs of providing an undauntable defense, whatever they may be, pale before blood and defeat.

Even the most ardent advocate of Eisenhower’s farewell address would be wise to ponder that sentiment.
ENDNOTES


4 Ibid.


7 Eisenhower, “Military-Industrial Complex Speech.”


Ledbetter, “What Ike Got Right.”


Ibid.


