



## **Neoliberalism and Empire: The American Military-Industrial Complex**

*Francesca Lucia Bray*

### **Abstract:**

The evolution of the American military-industrial complex pre-dates the adoption of neoliberalism as formal US economic policy. However, with the rise of neoliberalism the military-industrial complex has grown ever more powerful and deeply entrenched in the United States as it serves as a tool for the export of the neoliberal agenda, while benefitting from the global expansion of neoliberalism. The military industries in the US have succeeded in the “regulatory capture” of policymakers, allowing them to effectively nationalize the risks and expense of new product and market development, while privatizing the rewards. Examples abound of US foreign policy being exploited by the American military-industrial complex to sell their goods and services abroad. Here, we explore US intervention in Honduras, Iraq and Afghanistan. In each case, a US government decision to intervene was eventually parlayed into a new market for US-made arms and military contractor services. Unfortunately, President Eisenhower’s greatest fears about the expansion of the military-industrial complex have not only been realized, they have been surpassed due to the symbiotic relationship it has with the neoliberal agenda.

### **Résumé :**

L'évolution du complexe militaro-industriel américain précède l'adoption du néolibéralisme comme politique économique officielle des États-Unis. Cependant, avec la montée du néolibéralisme, le complexe militaro-industriel est devenu de plus en plus puissant et profondément ancré aux États-Unis, car il sert d'outil pour l'exportation de l'agenda néolibéral tout en bénéficiant de l'expansion mondiale du néolibéralisme. Les industries militaires aux États-Unis ont réussi à « réglementer » les décideurs, ce qui leur a permis de nationaliser efficacement les risques et les dépenses liés au développement de nouveaux produits et de nouveaux marchés, tout en privatisant les récompenses. Les exemples abondent de la politique étrangère américaine exploitée par le complexe militaro-industriel américain pour vendre leurs biens et services à l'étranger. Nous explorons ici l'intervention américaine au Honduras, en Irak et en Afghanistan. Dans chaque cas, une décision du gouvernement américain d'intervenir a finalement été présentée

comme un nouveau marché pour les services d'armement et d'entrepreneur militaire fabriqués aux États-Unis. Malheureusement, les plus grandes craintes du président Eisenhower au sujet de l'expansion du complexe militaro-industriel se sont non seulement réalisées, mais elles ont été dépassées en raison de la relation symbiotique qu'il y a avec l'agenda néolibéral.

## Introduction

Neoliberal economic policy, developed following the abandonment of the Bretton Woods Order in 1973, is predicated on the liberalization and deregulation of international capital flows. A fundamental tenet of neoliberalism that will be analyzed throughout this paper is that of the privatization of services. The unintended consequences of the neoliberal globalization project described by Johnson in *Blowback*<sup>1</sup> has been acknowledged by many scholars and politicians as a dominant process of the modern international system, impacting international and domestic structures. David Harvey, in his paper *Neo-Liberalism as Creative Destruction*,<sup>2</sup> defines the neoliberal agenda as “a utopian project providing a theoretical template for the reorganization of international capitalism or as a political project concerned both to re-establish the conditions for capital accumulation and the restoration of class power.”<sup>3</sup> This notion of “restructuring” can be seen as a process of accumulation by dispossession, creating large asymmetries in the distribution of capital, and increasing class polarization.

The US government and American defense contractors have maintained a close relationship since the end of the First World War. The advancement of technology exceeded the capability of government to keep up to pace and so the government became more and more dependent on private industry to develop and manufacture military arms. The dangers of this relationship were clearly recognized by President Eisenhower, who coined the term “military-industrial complex” in his farewell speech in 1961.<sup>4</sup> President Eisenhower’s concerns were focused on the rise of power in the hands of defense contractors and the military. What he could not have

---

<sup>1</sup> Chalmers Johnson, *Blowback: The Costs and Consequences of American Empire* (New York, New York: Metropolitan Books/Henry Holt and Company, 2000), 1-301.

<sup>2</sup> David Harvey, “Neo-Liberalism as Creative Destruction,” *Swedish Society for Anthropology and Geography* 88, no. 2 (2006): 145-158.

<sup>3</sup> *Ibid*, 149.

<sup>4</sup> *Why We Fight*, directed by Eugene Jarecki (2005; New York: Sony Pictures Classics, 2006), DVD.

foreseen is a shift in economic policy thirty years later. This shift would greatly profit defense contractors while increasing the power of the military-industrial complex and encourage the US government to exploit the military-industrial complex as a means to export the economic policy globally.

After the end of the so-called “golden age” of Keynesian economic policies that followed the Second World War, neoliberalism slowly emerged to become formal US economic policy.<sup>5</sup> The American military-industrial complex has become a tool to further the neoliberal agenda globally, to the benefit of the American defense contractors and their investors. As a result of the profitability of the arms industry, and the value (from a neoliberal viewpoint) of the integration of both American defense contractors and the state, the American military-industrial complex has grown immeasurably and become deeply entrenched in both the American political system and in geopolitics as the US forcefully exports the neoliberal agenda worldwide.

### **The Slide from Keynesianism into Neoliberalism; neoliberalism in action**

Keynesian policies dominated US economic planning from the end of the Second World War until a series of shocks called the validity of these policies into question. These events began with the collapse of the Bretton Woods monetary system in 1971 and ended with a recession that lasted until 1975. As a result, free market policies emerged and coalesced to form the “Washington Consensus” of neoliberalism in 1989, a set of economic policies consistent with neoliberal doctrine. Neoliberalism represented a radical change in economic policy; the preceding system of the Bretton Woods Order and its use of fixed exchange rates was considered outdated and inadequate for the expanding market.

---

<sup>5</sup> Harvey, “Neo-Liberalism as Creative Destruction,” 149.

The transition from the Keynesian Bretton Woods Order to neoliberalism was very disorganized. The US adopted an inflationary monetary policy in 1965 which was inappropriate considering that it was the key currency country of the Bretton Woods system. In 1971, the US decided to suspend gold convertibility, a cornerstone of the Bretton Woods system.<sup>6</sup> By 1973, 1960's capitalism was in rapid decline, the economy had slipped into its first serious recession since the 1930's and global capitalism was suffering. The impact of the oil crisis of October 1973<sup>7</sup> was exacerbated by the decision of the OPEC (Organization of Petroleum Export Countries) states to fix the price of oil relative to gold, which was no longer "pegged" to the US dollar as a result of the end of Bretton Woods, and the US currency (along with those of other nations) depreciated relative to gold more quickly than the conversion rate of oil to gold was adjusted. The appeal of and eventual turn to neoliberal policies can be described as "a chaotic series of motions that really only converged upon neoliberalism as the new orthodoxy with the construction of the so called 'Washington Consensus' in the 1990's."<sup>8</sup> Championing deregulation and liberal financial policies, neoliberalism attracted ruling classes globally and provided an apparent solution to the growing fiscal debt of the United States.

A fundamental element of neoliberalism is the weakening of government interventionism in global financial flows in order to create a flourishing business climate. This spurred a large internal transformation of governance structures, such as the removal of Keynesian economists from positions of authority within the International Monetary Fund (IMF), a predominantly

---

<sup>6</sup> Michael Bordo, "The operation and demise of the Bretton Woods system: 1958 to 1971," VOX CEPR Policy Portal, published April 23, 2017, <https://voxeu.org/article/operation-and-demise-bretton-woods-system>.

<sup>7</sup> A retaliatory action by OPEC states against those nations perceived as having supported Israel in the Yom Kippur war.

<sup>8</sup> Harvey, "Neo-Liberalism as Creative Destruction," 151-152.

American multinational organization,<sup>9</sup> and their replacement with neoliberal monetarists. This resulted in a drastic alteration in monetary policy.

The neoliberal *coup de grace* to Keynesianism was the enactment of the Washington Consensus in 1989, followed by a “rolling out” process under regulations set out by the WTO and IMF. This “rolling out” of neoliberal ideals allowed for independent sovereign states to remain under US influence and to act as satellites for US interests.<sup>10</sup> In many of these cases, the United States government supported militant groups through both financial and military assistance.

The military assistance extended to training through the Joint Combat Exchange Training (JCET) program.<sup>11</sup> This program allowed the US Department of Defense to deploy special operations forces overseas to participate in training exercises with military units of other countries.<sup>12</sup> The stated primary purpose of such exercises was to train American soldiers, *not* to train foreign troops. However, the wording was not this specific. So, a 1990 Department of Defense manual, the *Doctrine for Special Forces Operations*, outlined the main objective of JCET programs as providing instruction and training in “foreign internal defense” to prepare foreign militaries to operate effectively against potential insurgencies, subversions within their own populaces or rebel forces.<sup>13</sup> There are many documented accounts between the 1980’s and 1990’s in which the United States intervened abroad. By 1998 the US Joint Special Operations Command (JSOC) had supported JCET missions in 110 countries.<sup>14</sup> The consequences of America’s actions, whether intentional or accidental, have created fertile ground for neoliberalism to grow. America has destabilized or destroyed many countries through military means, economic warfare including

---

<sup>9</sup>Harvey, “Neo-Liberalism as Creative Destruction,” 151.

<sup>10</sup> Ibid, 151-152.

<sup>11</sup> Johnson, *Blowback: The Costs and Consequences of American Empire*, 72.

<sup>12</sup> Ibid, 72.

<sup>13</sup> Ibid, 72.

<sup>14</sup> Ibid, 72.

imposition of economic reforms in indebted countries, privatization of state property and the imposition of economic reforms.<sup>15</sup> While the language used to explain the reasons for American intervention in each of these sovereign states often uses terms like “freedom”, “democracy”, and “regional stability”, judging by the outcomes of many of these actions it is apparent that the US is exporting the neoliberal agenda.

A Central American recipient of JCET training, Honduras has been the focus of 21 JCET training exercises to strengthen the military, teaching Honduran soldiers combat skills, intelligence gathering methods and riot control techniques.<sup>16</sup> In the early 1990’s Honduras was persuaded by the World Bank and the IMF to lower or eliminate import duties on basic grains as part of the pursuit of the neoliberal agenda by these organizations. In exchange for this, Honduras received loans to pay off older debts. However, the long-term impact was that local growers of grains could not compete, so Honduran farmers lost their businesses, and the country lost much of its ability to feed its population. Hondurans are now dependent on imported grains that up until two decades ago they produced in sufficient quantity for the country. This is a result of exposure to international price fluctuations in staple foods, making it very difficult for Hondurans to afford a basic diet considering the endemic low wages and high unemployment. Honduras is under pressure from the IMF to cut spending in order to repay its debts and to devalue its currency. This devaluation should increase exports and attract foreign investment, allowing the country to repay faster, but it also impacts food prices.<sup>17</sup> BBC World News describes Honduras thus: “Honduras has a long

---

<sup>15</sup> Michel Chossudovsky, “Neoliberalism and The Globalization of War: America's Hegemonic Project,” Global Research, Centre for Research on Globalization, published June 16, 2016, <https://www.globalresearch.ca/neoliberalism-and-the-globalization-of-war-americas-hegemonic-project/5531125>.

<sup>16</sup> Andrea Germanos “US Special Ops Training in Latin America Tripled, Docs Reveal,” Common Dreams, published on August 31, 2016, <https://www.commondreams.org/news/2016/08/31/us-special-ops-training-latin-america-tripled-docs-reveal>.

<sup>17</sup> Marco Caceres, “Honduras: Beware of Neoliberal Economic Growth Strategies,” Huffington Post, last modified November 03, 2014, [https://www.huffingtonpost.com/marco-caceres/honduras-beware-of-neolib\\_b\\_5758970.html](https://www.huffingtonpost.com/marco-caceres/honduras-beware-of-neolib_b_5758970.html).

history of military rule, corruption, poverty and crime which have rendered it one of the least developed and most unstable countries in Central America”.<sup>18</sup> In short, Honduras is a neoliberal project that is friendly to the United States, with a history of poor governance and is receiving JCET training for its military, which has been used in the past to subdue its populace. The value of having a well-trained military is that it can be used with great effect on the citizens to subdue any opposition while the Honduran government complies with the IMF to the detriment of the majority of its population.

JCET exercises supported by the United States military include training in skills such as advanced sniper techniques, close quarters combat, military operations in urban settings and psychological warfare operations to militarized units.<sup>19</sup> During 1998 multiple special forces operations were carried out in nineteen Latin American and nine Caribbean nations, and the same military support through JCET was provided to militant groups in Rwanda, Surinam, Equatorial Guinea, Sri Lanka, Pakistan and Papua New Guinea among other states.<sup>20</sup>

The expansion of neoliberalism is understandable, given the inherent appeal to the elite of a system that promises to concentrate power and wealth in their hands; and they are in the best position to influence media, policies and trade to further neoliberalism. In spite of the rhetoric claiming that the neoliberal agenda is the only way to grow the state there is ample evidence to show that it has only fostered higher unemployment, weaker growth and greater economic instability compared to the Keynesian policies in place since the Second World War.<sup>21</sup>

---

<sup>18</sup> “Honduras Country Profile,” BBC World News, May 16, 2018, <http://www.bbc.com/news/world-latin-america-18954311>.

<sup>19</sup> Johnson, *Blowback: The Costs and Consequences of American Empire*, 72.

<sup>20</sup> *Ibid*, 72.

<sup>21</sup> Harvey, “Neo-Liberalism as Creative Destruction,” 151-152; Robert Skidelsky, *Keynes: The Return of the Master* (London: Allen Lane, 2009), 116-216.

The creation of the United States resulted in two of the most important philosophical and political documents in history: The United States Constitution and the associated Bill of Rights. The constitution formed the basis of government, and the first words of the document, “We the people...” emphasize that the role of the government is to serve the people.<sup>22</sup> The constitution outlines the limits and responsibilities of government, and the Bill of Rights describes the rights of citizens. Neoliberalism perverts the American Constitution and Bill of Rights by emphasizing property rights and libertarian ideals<sup>23</sup> and by co-opting government to become an aggressive defender of property rights and a willing accomplice in projects that promote the free flow of capital.

The transition to neoliberalism stipulated a shift away from large-growth Keynesian economic policy to a form of policymaking heavily influenced by corporate interests. A fundamental element of neoliberalism is the weakening of government intervention in global financial flows in order to create a flourishing business climate. This is explained by Cowling and Tomlinson, where they show the growing influence of corporate power over the state through the use of political rewards, the reliance of the state on transnational investment and growth opportunities and the threat of the corporation to enlist the use of ‘divide and rule’ tactics, where a transnational company credibly threatens to invest or produce elsewhere.<sup>24</sup>

The manipulation of state policies by corporate power is widely recognized in academia as a growing feature of neoliberalism. For example, in 2001 the G. W. Bush administration failed to ratify the Kyoto Protocol, presumably in order to appease the large American oil firms that funded

---

<sup>22</sup> United States, United States Constitutional Convention, John Carter, and Constitutional Convention Broadside Collection (Library of Congress), “We, the people of the United States, in order to form a more perfect union,” (Providence: Printed by John Carter, 1787) <https://www.loc.gov/item/90898138/>.

<sup>23</sup> Harvey, “Neo-Liberalism as Creative Destruction,” 151-152.

<sup>24</sup> Keith Cowling and Philip R. Tomlinson, “Globalisation and Corporate Power,” *Contributions to Political Economy* 24, no. 1 (2005): 44.

most of his campaign.<sup>25</sup> From a neoliberal perspective, the role of government is to provide and support a profitable business climate rather than investing in the needs of the public or infrastructure.<sup>26</sup>

Strange introduces the concept of ‘new constitutionalism’ to explain the emergent neoliberal hegemony. “New constitutionalism envisages this neoliberal hegemony as mobilized through an institutionalized, disciplinary, meta-framework of binding transnational rules, laws and legally enforceable agreements. These serve to ‘lock in’ the market, private property, sound finance and capital mobility as ‘automatic’ or constitutionalized constraints on the ‘progressive’ interventionist capacities of formally independent nation-states.”<sup>27</sup> Within this framework, it claimed that all globally integrated states become “competition states.” A competition state is one in which market forces are allowed to pressure the state to restructure financial policies away from nationally oriented demand management and/or national developmentalism, towards openness to international trade and foreign direct investment, ultimately subordinating the role of government in democratic society to the needs of commerce.<sup>28</sup> The growth and entrenchment of the American military-industrial complex is one of the outcomes of the evolution of the US into a competition state.

### **Neoliberalism and the Military-Industrial Complex**

The military-industrial complex in the United States has grown in size and power since the First World War. With the end of the Cold War and the adoption of the neoliberal agenda in the

---

<sup>25</sup> Ibid, 44.

<sup>26</sup> Harvey, “Neo-Liberalism as Creative Destruction,” 150.

<sup>27</sup> Gerard Strange, “China's Post-Listian Rise: Beyond Radical Globalisation Theory and the Political Economy of Neoliberal Hegemony,” *New Political Economy* 16, no. 5 (2011): 541.

<sup>28</sup> Ibid, 541; Philip G.Cerny, “Paradoxes of the Competition State: The Dynamics of Political Globalization,” *Government and Opposition* 32, no. 2 (1997): 267.

1990's it has become further entrenched in the US. In his farewell speech in January 1961, President Eisenhower warned:

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. We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. 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.<sup>29</sup>

Until the mid-nineteenth century, government-owned arsenals produced many of the munitions used, but the evolution of technology forced the government to become reliant on industry.<sup>30</sup> Multilateral uncertainty, ever-present threats on the horizon and consistent military conflict since the 1991 Gulf War have created a drive for newer, more capable technologies. Recent examples include stealth technology, first developed and deployed with the F-117 attack aircraft in the first Gulf War and now becoming widespread with the latest generation of military aircraft and naval ships; and THAAD (Terminal High Altitude Area Defense), a missile system intended to intercept ballistic missiles. The development of new technology comes with a risk of failure that, depending on the scale of the project, could bankrupt the business and thus result in the loss of a contractor capable of such projects to the American government. Many of the contractors are not diversified and depend mostly or wholly on government contracts (see Table 1).

---

<sup>29</sup> *Why We Fight*.

<sup>30</sup> Walter Adams, "The Military-Industrial Complex and the New Industrial State," *The American Economic Review* 58, no. 2 (1968): 665.

Table 1. Lockheed Martin 2016 Net Sales, US Dollars

<b>Aeronautics</b>	<b>\$17,769</b>
<b>Missiles &amp; fire control</b>	\$6,608
<b>Rotary &amp; mission systems</b>	\$13,462
<b>Space systems</b>	\$9,409
<b>Total</b>	<b>\$47,248</b>

*Source:* Lockheed Martin Corporation. <https://www.lockheedmartin.com/en-us/index.html>. Accessed January 16, 2020.

All of these sales divisions are defense contracts. Contractors in the defense market are often oligopolistic and technical capability is the driving force over price.<sup>31</sup> As a result, government has become dependent on contractors as a monopolistic buyer of undeveloped products and inefficiently produced products.<sup>32</sup> Governments also assume the risk associated with the development of new technologies through inflated budget estimates and cost overruns that range from 70 to 700 per cent.<sup>33</sup>

A morganatic relationship has evolved between government and contractors, where government assumes all the financial risks of Risk and Development (R&D) and pays the price demanded by the contractor with no metrics for comparison through in-house research or competing businesses. Therefore, the contractor not only gets the sales but also patent rights for the technology developed that it can later transfer to other products.<sup>34</sup> Risk goes to the customer (government) and reward to the supplier (contractor); a very appealing arrangement from a

---

<sup>31</sup> Ibid, 665.

<sup>32</sup> Ibid, 665.

<sup>33</sup> Ibid, 657.

<sup>34</sup> Ibid, 658.

neoliberal perspective that at least partly explains the expansion and entrenchment of the military industrial complex in the United States.

There is another dimension that characterizes the military-industrial complex - the agents within the American government that make or influence the making of defense purchase decisions. Collectively the US arms industry has spent more than \$1 billion on lobbying since 2009 and typically employs up to one thousand lobbyists a year to influence the process. Many of these lobbyists come from previous government or military positions; when they retire, they use their contacts to promote the interest of their new clients. While nearing the end of their government or military employment, those seeking a lucrative role as a lobbyist will tend to treat major contractors favourably.<sup>35</sup> In this way defense contractors further protect their future by not only making themselves indispensable, they tilt the odds in their favour by influencing the decision-making process.

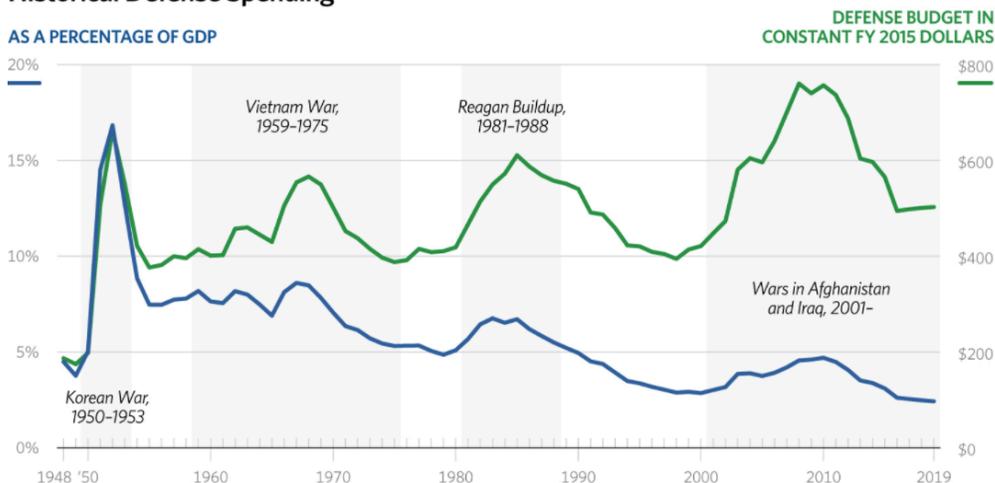
The scale in terms of dollars of the American military-industrial complex has unquestionably continued to grow. With American intervention in Iraq and Afghanistan, defense spending has been at the highest since the close of the Second World War (see Figure 1).

Figure 1. American Defense Spending

---

<sup>35</sup> William D. Hartnung, "Tomgram: William Hartnung, How the Military-Industrial Complex Preys on the Troops," TomDispatch.com, published October 10, 2017, [http://www.tomdispatch.com/post/176336/tomgram%3A\\_william\\_hartnung%2C\\_how\\_the\\_military-industrial\\_complex\\_preys\\_on\\_the\\_troops/#more](http://www.tomdispatch.com/post/176336/tomgram%3A_william_hartnung%2C_how_the_military-industrial_complex_preys_on_the_troops/#more); *Why We Fight*.

## Historical Defense Spending



Sources: U.S. Department of Defense, *National Defense Budget Estimates for FY 2015*, April 2014, [http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/FY15\\_Green\\_Book.pdf](http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/FY15_Green_Book.pdf) (accessed January 16, 2015), and Heritage Foundation calculations.

BG 2989 heritage.org

Source: Thaleigha Rampersad, “The History of Defense Spending in One Chart,” *Daily Signal*, published February 14, 2015. <https://www.dailysignal.com/2015/02/14/history-defense-spending-one-chart/>.

However, the scope has also expanded from the classic merchants of hardware, to health care, pharmaceutical companies, universities, and civilian contractors ‘on the ground’ in wartime theatres of operations. Civilian contractors were introduced in 1985 with the introduction of the Logistics Civil Augmentation Program (LOGCAP), which was intended to strengthen military forces by freeing personnel from “non-core” tasks so they could serve as combat troops.<sup>36</sup> This program provided an entry point for the privatization of the U.S. military that is now big business; the new LOGCAP V contract, the fifth such contract, which farms out myriad support services to civilian contractors, is worth \$82 billion (US) for the next ten years.<sup>37</sup> The definition of “non-core” tasks has been stretched, with the introduction of private security forces such as KBR (a subsidiary of Halliburton) and Military Professional Resources Incorporated and the

<sup>36</sup> U.S. Army, “Logistics Civil Augmentation Program (LOGCAP),” published March 23, 2017, [https://armypubs.army.mil/epubs/DR\\_pubs/DR\\_a/pdf/web/ARN2768\\_AR700-137\\_Web\\_FINAL.pdf](https://armypubs.army.mil/epubs/DR_pubs/DR_a/pdf/web/ARN2768_AR700-137_Web_FINAL.pdf).

<sup>37</sup> Jane Edwards, “Army Opens Solicitation for \$82B LOGCAP V Contract,” *GovCon Wire*, published December 29, 2017, (<https://www.govconwire.com/2017/12/army-opens-solicitation-for-82b-logcap-v-contract/>).

increasing involvement of mercenaries in conflicts now the new norm for American warfighting practice.

Donald Rumsfeld, Secretary of Defense under the G. W. Bush Administration, declared the need within the Pentagon, the largest bureaucracy in the US government, to “promote a more entrepreneurial approach; one that encourages people to be proactive, not reactive, and to behave less like bureaucrats and more like venture capitalists; one that does not wait for threats to emerge and be validated but rather anticipates them before they appear and develops new capabilities to dissuade and deter them”.<sup>38</sup> This is tantamount to a neoliberal battle cry to “roll back” the Pentagon, which became policy with the 2001 Pentagon Quadrennial Defense Review.<sup>39</sup> The 2001 QDR includes as one of its directives to privatize or outsource “entire functions or define new mechanisms for partnerships with private firms or other public agencies” all “functions not linked to warfighting and best performed by the private sector”.<sup>40</sup> The trend towards privatization of the American military, through the introduction of on-the-ground military contractors as part of the American military-industrial complex, is a logical direction for the neoliberal agenda being promulgated and is another reason for the entrenchment of the military-industrial complex.

Another aspect of the American military-industrial complex is the extent to which it arms the rest of the world. This could be due to unstated hegemonic policies or an extension of “American imperialism” as a government-coordinated strategy but given the influence of the military-industrial complex has with policymakers, it appears to simply be good business. A

---

<sup>38</sup> Donald H. Rumsfeld, “Transforming the Military,” *Foreign Affairs* 81, no. 3 (2002): 29.

<sup>39</sup> U.S. Department of Defense, *2001 Quadrennial Defense Review Report*, September 30, 2001: 1-71, <https://history.defense.gov/Portals/70/Documents/quadrennial/QDR2001.pdf?ver=2014-06-25-110946-823>.

<sup>40</sup> *Ibid*, 54.

Congressional Research Service report in 2008 showed that \$55.2 billion (US) in weapons deals were concluded globally in that year; and of that, the United States was responsible for \$37.8 billion (US), or 68%.<sup>41</sup> The closest competitor was Italy, with \$3.7 billion (US), or 6.7%. Export laws that can slow or block the sale of military technology have been under attack from lobbyists and willing government officials. In 2008, Secretary of Defense Robert Gates wanted to see “‘wholesale changes to the rules and regulations on government technology exports’ in the name of ‘competitiveness.’”<sup>42</sup> By taking advantage of the intimate relationship they have with the US government, American defense contractors are influencing policy to grow their business abroad. Coupled with this, in some cases the sale of arms to other nations promotes destabilization which is compatible with the spreading of neoliberalism.<sup>43</sup>

The US-led coalition invasion of Iraq in 2003 stands out as clear evidence of the forced propagation of the neoliberal agenda. Efforts to find legitimate reasons to invade Iraq, such as the (fallacious) existence of a secret Iraqi program to develop and use weapons of mass destruction (WMD’s). This project failed, so President G. W. Bush sold the invasion as a mandate for freedom, announcing that “‘freedom is the Almighty’s gift to every man and woman in this world” and “as the greatest power on earth (the US has) an obligation to help the spread of freedom”.<sup>44</sup> What followed was a lightning-quick invasion of Iraq that penetrated Baghdad and toppled the government of Saddam Hussein. On September 19, 2003, Paul Bremer, head of the Coalition Provisional Authority that replaced the Iraqi government, issued orders that included the following: full privatization of public enterprises; full ownership by foreign firms of Iraqi

---

<sup>41</sup> Frida Berrigan, “America's Global Weapons Monopoly,” Mother Jones, published February 17, 2010, <http://www.motherjones.com/politics/2010/02/america-global-weapons-monopoly/#>.

<sup>42</sup> Ibid.

<sup>43</sup> Chossudovsky, “Neoliberalism and The Globalization of War: America's Hegemonic Project.”

<sup>44</sup> Harvey, “Neo-Liberalism as Creative Destruction,” 146.

businesses; full repatriation of foreign profits; the opening of Iraq's banks to foreign control; national treatment for foreign companies; and the elimination of nearly all trade barriers.<sup>45</sup> The orders applied to all areas of the economy except oil, which was exempted.<sup>46</sup> Further, a regressive "flat tax" was established, the right to strike was outlawed, and unions were banned in key sectors. The Iraqi interim government appointed in June 2004 was given no power to write new laws or change old ones; they could only work within the laws laid down by the Coalition Provisional Authority.<sup>47</sup> "What the US evidently sought to impose upon Iraq was a full-fledged neoliberal state apparatus whose fundamental mission was and is to facilitate conditions for profitable capital accumulation for all newcomers, Iraqi and foreigners alike."<sup>48</sup>

In Iraq and Afghanistan, the American military-industrial complex dramatically expanded the role of on-the-ground contractors to the point that in 2010, there were 262,681 contractors and assistance staff in these two countries,<sup>49</sup> which is greater than the number of US uniformed soldiers (154,000 as of December 2010)<sup>50</sup> deployed at the time. Of these employees, 47,282 (18%) were performing security functions.<sup>51</sup> It was estimated by the 2011 Commission on Wartime Contracting that at least \$117 billion (US) was spent on or obligated to contractors between October 2001 and 2011.<sup>52</sup> One of the advantages of contractor manpower on the ground is that there is less political cost associated with them; the Secretary of Defense can say truthfully that

---

<sup>45</sup> Ibid, 146-147.

<sup>46</sup> Ibid, 146.

<sup>47</sup> Ibid, 147.

<sup>48</sup> Ibid, 147.

<sup>49</sup> Government Accountability Office (GAO), *Iraq and Afghanistan: DoD, State and USAID Face Continued Challenges in Tracking Contracts, Assistance Instruments, and Associated Personnel*, United States Government Accountability Office, October 2010, <http://www.gao.gov/assets/320/310757.pdf>.

<sup>50</sup> Alan McLean and Archie Tse, "American Forces in Afghanistan and Iraq," New York Times, published June 22, 2011, <http://www.nytimes.com/interactive/2011/06/22/world/asia/american-forces-in-afghanistan-and-iraq.html>.

<sup>51</sup> GAO, *Iraq and Afghanistan: DoD, State and USAID Face Continued Challenges in Tracking Contracts, Assistance Instruments, and Associated Personnel*, 44.

<sup>52</sup> U.S. Commission on Wartime Contracting, *At What Risk? Correcting Over-Reliance on Contractors in Contingency Operations*, published February 24, 2011: 10, [https://timemilitary.files.wordpress.com/2011/03/cwc\\_interimreport2-lowres1.pdf](https://timemilitary.files.wordpress.com/2011/03/cwc_interimreport2-lowres1.pdf).

they are drawing down troops in Iraq,<sup>53</sup> while leaving unsaid the number of contractors remaining in-country. In terms of headcount, contractors were the largest coalition contingent deployed.

The American military-industrial complex not only provided the technical means to assure swift (initial) victories in Iraq and Afghanistan, it provided much of the manpower needed and has profited greatly from doing so, while facilitating an overt takeover of a wealthy nation and its transformation into a neoliberal state.

### **Conclusion**

The military-industrial complex and the “disastrous rise of misplaced power”<sup>54</sup> that President Eisenhower warned of have come to full fruition and show how a state’s government can be co-opted by non-state actors acting in accordance with a neoliberal agenda. Arms and military service industries have effectively captured legislation in the US, so that they have access to ready markets globally for their goods and services. American interventions in Honduras, Iraq and Afghanistan represent some of many examples of the global reach of the American military-industrial complex. Overall it is apparent that the mutually beneficial relationship between American defense contractors and the US government has grown much stronger with their shared pursuit of a global neoliberal agenda. The nature of the relationship predates neoliberalism, but the opportunity to reap the rewards of defense contract spending and international arms sales, while the government largely underwrites the risks of R&D, is a very appealing business model that draws in government decision-makers to become eventual lobbyists for defense industries, perpetuating favourable government purchasing decisions. The defense industry uses these relations to weaken policies and grow the international market for its arms in which it already

---

<sup>53</sup> Alan McLean, and Archie Tse, “American Forces in Afghanistan and Iraq.”

<sup>54</sup> *Why We Fight*.

enjoys an oligopoly. The American global neoliberal agenda benefits from the military-industrial complex as it provides: technical means to a swift victory; the ability to put manpower on the ground with less political cost; and a way to destabilize states through arms sales and training.

## Bibliography

- Adams, Walter. "The Military-Industrial Complex and the New Industrial State." *The American Economic Review* 58, no. 2 (1986): 652-665.
- Berrigan, Frida. "America's Global Weapons Monopoly." *Mother Jones*. Published February 17, 2010. <http://www.motherjones.com/politics/2010/02/america-global-weapons-monopoly/#>.
- Bordo, Michael. "The operation and the demise of Bretton Woods system: 1958 to 1971." VOX CEPR Policy Portal. Published April 23, 2017. <https://voxeu.org/article/operation-and-demise-bretton-woods-system>.
- Caceres, Marco. "Honduras Beware of Neoliberal Economic Growth Strategies." *Huffington Post*. Published November 03, 2014. [https://www.huffingtonpost.com/marco-caceres/honduras-beware-of-neolib\\_b\\_5758970.html](https://www.huffingtonpost.com/marco-caceres/honduras-beware-of-neolib_b_5758970.html).
- Cerny, Philip G. "Paradoxes of the Competition State: The Dynamics of Political Globalization." *Government Opposition* 32, no. 2 (1997): 251-274.
- Chossudovsky, Michel. "Neoliberalism and the Globalization of War: America's Hegemonic Project." *Global Research, Center for Research on Globalization*. Published on June 16, 2016. <https://www.globalresearch.ca/neoliberalism-and-the-globalization-of-war-americas-hegemonic-project/5531125>.
- Cowling, Keith, and Philip R. Tomlinson. "Globalization and Corporate Power." *Contributions to Political Economy* 24, no. 1 (2005): 33-54.
- Edwards, Jane. "Army Opens Solicitation for \$82B LOGCAP V Contract." *GovCon Wire* published December 29, 2017. <https://www.govconwire.com/2017/12/army-opens-solicitation-for-82b-logcap-v-contract/>.
- Germanos, Andrea. "US Special Ops Training in Latin America Tripled, Docs Reveal." *Common Dreams*. Published on August 31, 2016. <https://www.commondreams.org/news/2016/08/31/us-special-ops-training-latin-america-tripled-docs-reveal>.
- Government Accountability Office (GAO), *Iraq and Afghanistan: DoD, State and USAID Face Continue Challenges in Tracking Contracts, Assistance Instruments, and Associated Personnel, United States Government Accountability Office*, October 2010. <http://www.gao.gov/assets/320/310757.pdf>
- Hartung, William D. "Tomgram: William Hartung, How the Military Industrial-Complex Preys on the Troops." *TomDispatch.com*. Published October 10, 2017. [http://www.tomdispatch.com/post/176336/tomgram%3A\\_william\\_hartung%2C\\_how\\_the\\_military-industrial\\_complex\\_preys\\_on\\_the\\_troops/#more](http://www.tomdispatch.com/post/176336/tomgram%3A_william_hartung%2C_how_the_military-industrial_complex_preys_on_the_troops/#more).

- Harvey, David. "Neo-liberalism as Creative Destruction." *Swedish Society for Anthropology and Geography* 88, no. 2 (2006): 145-158.
- "Honduras Country Profile." BBC World News. Published May 16, 2018.  
<http://www.bbc.com/news/world-latin-america-18954311>.
- Johnson, Chalmers. *Blowback: The Costs and Consequences of American Empire*. New York, New York: Metropolitan Books/Henry Holt and Company, 2000.
- McLean, Alan, and Archie Tse. "American Forces in Afghanistan and Iraq." *New York Times*. Published June 22, 2011.  
<http://www.nytimes.com/interactive/2011/06/22/world/asia/american-forces-in-afghanistan-and-iraq.html>.
- Rumsfeld, Donald H. "Transforming the Military." *Foreign Affairs* 81, no. 3 (2002): 20-32.
- Skidelsky, Robert. *Keynes: The Return of the Master*. London: Allan Lane, 2002.
- Strange, Gerard. "China's Post-Listian Rise: Beyond Radical Globalisation Theory and the Political Economy of Neoliberal Hegemony." *New Political Economy* 16, no. 5 (2011): 539-559.
- Thaleigha Rampersad. "The History of Defense Spending on One Chart." *Daily Signal*. Published February 14, 2015. <https://www.dailysignal.com/2015/02/14/history-defense-spending-one-chart/>.
- U.S. Army. "Logistics Civil Augmentation Program (LOGCAP)." Published March 23, 2017.  
[https://armypubs.army.mil/epubs/DR\\_pubs/DR\\_a/pdf/web/ARN2768\\_AR700-137\\_Web\\_FINAL.pdf](https://armypubs.army.mil/epubs/DR_pubs/DR_a/pdf/web/ARN2768_AR700-137_Web_FINAL.pdf).
- U.S. Department of Defense. *2001 Quadrennial Defense Review Report*. Published September 30, 2001: 1-71.  
<https://history.defense.gov/Portals/70/Documents/quadrennial/QDR2001.pdf?ver=2014-06-25-110946-823>.
- U.S. Commission on Wartime Contracting. *At What Risk? Correcting Over-Reliance on Contractors in Contingency Operations*. Published February 24, 2011: 10.  
[https://timemilitary.files.wordpress.com/2011/03/cwc\\_interimreport2-lowres1.pdf](https://timemilitary.files.wordpress.com/2011/03/cwc_interimreport2-lowres1.pdf).
- United States, United States Constitutional Convention, John Carter, and Constitutional Convention Broadside Collection (Library of Congress). "We, the people of the United States, in order to form a more perfect union." (Providence: Printed by John Carter, 1787)  
<https://www.loc.gov/item/90898138/>.

*Why we Fight*. Directed by Eugene Jarecki (2005; New York: Sony Pictures Classics, 2006)  
DVD.