

Can Arms Be Sold Responsibly in the Global Market?

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Abstract: Corporate social responsibility (CSR) research has ignored the arms industry, in large part because of political assumptions that tie this industry to nation-state sovereignty. Bypassing this obsolescent Westphalian world-view, I examine the US arms industry on the basis of CSR requirements regarding the environment, social equity, profitability, and use of political power. I find the arms industry fails each of these four CSR requirements. In response to the assertion that the arms industry should not be subject to CSR requirements because it is crucial to national defense, I point out that many arms manufacturers are post-Westphalian entities more powerful in their own right than many nation-states. So they should be held responsible for the foreseeable consequences that flow from use of their products, both under civil law and, where applicable, under international human rights standards.

In an effort to expand corporate concerns beyond profitability, many business ethicists promote corporate social responsibility (CSR). CSR involves ethical standards that limit a company's profit-seeking activities so as, for example, not to harm the environment, or people, or political institutions. Views differ as to whether CSR standards should be binding on management. I think they should, at least in those instances commonly addressed in law in which a corporation puts artefacts in the world that cause foreseeable and preventable harm.¹ This is preeminently the case of a corporation that produces weapons used for military purposes. But few CSR studies address the arms industry directly.

This lacuna is due largely, I believe, to centuries-old assumptions about political sovereignty which give a nation-state absolute control over war and weapons. Left unchallenged, these assumptions exonerate the arms industry of all responsibility for what is done with its products. But an appeal to sovereignty should not exempt the arms industry from CSR because, as critical international relations scholars tell us, the paradigmatic nation-state with absolute sovereignty is becoming a null class,² even as the quasi-sovereignty of MNCs is increasing and at times causes negative externalities.³ Those who believe in the imaginary world

of a nation-state, however, still think in terms of absolute sovereignty, so would vilify any claim that an industry devoted to “national defense” could possibly be involved in fundamentally (not just incidentally) unethical activity.

This Hobbesian if not Machiavellian ideology is no guarantor of arms industry ethics because (1) the primary beneficiaries of nation-state arms procurement are not citizens needing protection but private corporations needing revenue and (2) many weapons are neither sold to nor used by nation-states. To show the moral significance of these assertions I will assess the CSR status of the arms industry, especially its US component, with regard to (1) environmental quality, (2) social equity, (3) profitability, and (4) use of political power. I will conclude that corporations in the arms industry violate these CSR standards and so for the sake of human well-being should be subject to external regulation.

In working through this agenda, I will address only obliquely two important background considerations. One of these involves a distinction between Westphalian and post-Westphalian political arrangements. The first term derives its meaning from the Treaty of Westphalia (1648) which made nation-states sovereign entities uniquely empowered to use and control violence. This Westphalian doctrine is confounded today by many powerful non-state entities, thus inviting introduction of the term post-Westphalian. A second consideration involves a bevy of issues regarding causation. I posit a causal connection between the manufacture and distribution of arms on the one hand and harm effected by their use on the other hand. The kind of causal connection I have in mind embraces conditions necessary to the outcome (a but-for condition) but otherwise is not directly derived from any philosophical theory about causality or about ethical grounds for assigning responsibility. Rather, it looks to legal scholars' discourse regarding grounds on which to assign liability for harm done or foreseeable, including in particular an agent's role in increasing such harm's probability and thus the risk of its occurring.⁴ The import of this discourse is exemplified by a jurisdiction's finding some artifacts to be so constructed that their potential for facilitating harm justifies defining and policing them as deadly or dangerous weapons or destructive devices.⁵ In other words, the law of agency is presupposed where linkages between arms and harm are asserted in what follows.

With regard to the CSR environmental requirement, first of all, modern weapons of war often cause harm to the environment. Under some possible set of circumstances they could conceivably benefit the environment, though I fail to see how. Then, again, it is possible that war-caused harm to the environment might not be irreversible. It is difficult to imagine, though, that anyone would seriously claim that war making endeavors as such are not harmful to the environment.

The extent of environmental damage a weapon might cause depends in large measure on the level of military technology it involves and the attitude one has about the economically bankrupt notion that the environment has no owner so may

be used at no cost to the user. Moreover, the scope of harm caused by a weapon extends beyond the effects of its actual use in war to numerous places where it is produced, tested, stored, or disposed of. Nuclear, chemical, and biological weapons have all had devastating effects on the environment.⁶ So also has artillery testing. The extent of these negative externalities, due primarily to large weapons systems but also to small arms and conventional weapons, has been documented by various ecological groups.⁷ Does this mean, however, that an arms manufacturer or trader should be deemed responsible for the environmental degradation traceable to the weapons it makes or sells? Given that there already exist legal theories and institutions whereby one could establish such causal connections, I endorse the affirmative without argument and turn to the more widely discussed issues regarding how weapons used militarily violate human rights, sometimes catastrophically.

The arms industry, secondly, would fail a CSR social equity requirement. For, especially if its proponent embraces a normative stakeholder theory, CSR requires that a corporation's products and services not unduly cause harm to people. Often understood locally, this social equity requirement must be understood to apply globally wherever the arms industry's products are located.

It is a fact that horribly detrimental wars are occurring today in many places, and extant international standards of warfare are of limited use, especially as to noncombatants. So at the very least the human community needs to adopt additional norms that will extend protection on an emergency basis to those who are most vulnerable in these unprecedented conflicts, especially civilians and indentured child soldiers. This is clearly the position of organizations seeking to maintain and expand civil society as a counter-force to government prerogatives; and many corporations are in agreement with this stance, at least as it applies to their own workplaces. Mindful, then, of the old maxim about what is good for goose and gander respectively, I here address just the dangers inherent in the small arms bazaar. Small arms include handguns, carbines, assault rifles, rocket-propelled grenades, light mortars, and shoulder-fired missiles. It may be consoling to know that these weapons account for only \$10 billion worth of the \$850 billion/year of military expenditures. But compared to this benefit the costs are overwhelming, as follows.

There are presently an estimated 500–550 million small arms in circulation around the world. Their easy availability facilitates conflicts and heightens their severity and longevity. Small arms, moreover, are involved far more often in violations of human rights and humanitarian laws than are such major conventional weapons systems as planes and helicopters. Indeed, according to one study, small arms were the only weapons used in 46 of 49 major conflicts in the 1990s, in which 80–90 percent of those killed were civilians (as compared to 5 percent in WW I), and are the single most important cause of the upsurge in refugees.⁸ Besides, because small arms are comparatively light, they can be used by children, over 300,000 of whom under the age of 18 are now serving as soldiers.⁹

Appalled by these data, a large coalition of NGOs is seeking to stem the tide of human rights violations effected with small arms by holding users, traders, and authorizing governments accountable. One key reason to hold arms traders accountable is because governments, especially the US, choose not to be accountable. For example, the US did not sign the 1997 treaty banning land mines, and it just recently (July, 2006) blocked a long planned “Control Arms” treaty. Meanwhile, certain non-state actors, namely corporations, already ban possession and use of weapons wherever they exercise control. Some prohibit possessing a weapon at a workplace without explicit permission; others ban weapons outright with no mention of exceptions. At least one company in the arms industry, General Dynamics, is no less restrictive with regard to weapons on its premises.

Some corporations, then, ban weapons. Some states in the US seek to make such bans mandatory. Gun rights organizations are striving to invalidate workplace weapons bans. In their fervor regarding gun rights, however, they are ignoring the even more fundamental capitalist values of ownership and property rights. And those exercising these rights are not just ordinary owners, they are politically powerful organizations whose wealth and influence may surpass many nation-states. As such, they exemplify a major component of a post-Westphalian world: politically powerful non-state actors. So perhaps their arms control policies can be emulated by other actors, both state and non-state, who have no less of a need to protect their interests and their people.

The arms industry, thirdly, would fail a CSR profitability requirement. Considering the multi-billion dollar revenues some defense contractors take in, it might seem foolish to contend that the arms industry is not profitable. But in general it is not. For to a great extent this industry depends for much of its working capital on government funds obtained through taxation. The amounts it receives are impressive, but are they earned?

During the years 1997 to 2003 the Department of Defense (DOD) worked with a budget totaling over \$900 billion. Over half went to thousands of private contractors via some 2.2 million contracts. Eighty percent went to just 737 contractors, all but a hundred of which are American-owned. The fifty biggest contractors got more than half the money, and the top ten got 38 percent.¹⁰ Only one of these companies, Science Applications International, won its contracts through, in Pentagon terms, “full and open” competition. More commonly, the way to win contracts involves campaign contributions and lobbying expenditures.¹¹

So in what sense are these companies profitable? If one thinks of profit as the desired result of risking capital to develop and market goods and/or services, then the arms industry is not profitable. A free-market conservative who eschews managerial responsibility for any CSR objective other than profit would, then, be especially disappointed. But a Keynesian economist who favors government subsidies to tweak the market might not find this intrusive funding source fatal

to a claim of profitability. So the CSR profitability requirement might arguably be waived if the arms industry's output is politically justified because needed by the government for the sake of national defense. But this is an untenable position considering, fourthly, how the arms industry uses political power.

Arms industry output is friendly neither to the natural environment nor to social equity, and can be considered profitable only by changing the meaning of government subsidies. The issue, then, is whether these failings can be discounted because weapons providers are inseparable from government and its sovereign responsibilities. I say no, because (1) arms makers are not just docile servants of a nation-state and (2) the claim that they are requires endorsing a Westphalian world view that has become increasingly counterfactual.

In a Westphalian world people support "national defense" expenditures as long as they are persuaded that their government is acting as a sovereign and is obliged to fight an enemy they clearly recognize as such. In the US, by contrast, neither condition is as straightforward today as it was during the Cold War era, in part because the enemy is not a super-state as was the USSR but an unbounded, stateless enemy, and in part because the defense industry seems more powerful than its nation-state customer. For, this customer's obsession with military supremacy is utterly dependent on the industry and is maintainable only at a level of spending that risks leading the country into a major financial crisis. So why do American taxpayers let their government expose them to such great risk?

Two reasons are lack of effective participatory democracy and lack of relevant information. Another is fear—a deliberately inculcated fear that enables the US government to spend more on "national defense" than do all other countries combined.¹² Especially since 11 September 2001, the US government has labeled the object of this fear terrorism and declared an open-ended war against it. Congress has fully funded this war, and the media (with few exceptions) have adopted the counter-terrorism rhetoric without assessing how well it corresponds with "facts on the ground." Not doing so, however, leaves hidden an agenda that has more to do with marketing than with impending mayhem. To uncover this agenda one needs some familiarity with the history of defense spending in the United States, including in particular the ideological rupture brought on by the end of the Cold War.

The end of the Cold War quickly deflated the moralistic anti-communism *raison-d'être* for US arms expenditures. So arms manufacturers had no adequate response to the ethically appealing call for a "peace dividend" that would shift resources from weaponry to civilian priorities. They sought new rationales, e.g., recasting groups in less developed countries as villains, and the Clinton administration touted business reasons to bolster the DOD budget. But arms sales declined. Not for another decade would there be another cornucopian rationale, namely, the open-ended war on terrorism. Consider, then, how anti-communism once played this role and then became ineffective.

World War II turned some US businesses into massive providers of military supplies and services—what President Eisenhower famously labeled a “military-industrial complex.” Its mission was to spend government money to defend capitalism even as its foe spent about as recklessly in defense of communism, resulting in a combined annual debt of \$600 billion when the Cold War ended. Who benefited from this indebtedness? In the US it was the weapons industry, but very much at the expense of many people, especially in the Southern Hemisphere.

During the Cold War years, 1945 to 1991, 125 different hot wars were fought in less developed countries, resulting in the deaths of 40 million people, mostly civilians. In the 1960s former auto executive Robert McNamara expanded the market for weapons by “rationalizing” the US arms industry to maximize production of “uniform” products that were sold largely on credit. This soon necessitated replacing the gold standard with a floating US dollar; but in the 1980s the global arms manufacturing industry approached \$1 trillion per year in sales, with some \$140 billion of this total going to third world countries. US sales to buyers in developing countries grew over the next decade to the point that they now account for well over 50 percent of all arms transfer agreements made globally,¹³ regardless of all the challenges to human rights that this entails.¹⁴ Meanwhile, defense contractors have also been expanding sales of commercial products, including those with a dual use.¹⁵

During the Cold War era the Western bloc fairly rigorously monitored exports of dual use technologies to countries behind the Iron Curtain. This mechanism was abolished in 1992, and two years later thirty-three co-founding countries, including Russia and some of its former satellites, signed the Wassenaar Arrangement, a voluntary regime of after-the-fact reports on conventional arms sales (semi-annually) and of sales of dual-use technologies (frequency depending on the sensitivity of the items sold and to whom).

Meanwhile other treaty and statutory regimes that were supposed to regulate US arms exports remained in place.¹⁶ But how effective are they? During the Cold War the West routinely subordinated smaller nations’ claims to sovereignty to the global task of containing one monolithic state. This bipolar worldview provided a credible Westphalian rationale for keeping major weapons systems directly or indirectly under US control but putting them to use wherever a threat was identified. Now that this global menace is no more, by what rules are weapons to be bought and sold? In the absence of a Westphalian answer to this question, post-Westphalian answers have arisen. Whether perceived as such or not, these answers amount to government acquiescence in corporate priorities. This can be seen from the following examples.

1. The International Military Education and Training (IMET) program was set up to introduce potential weapons users to available products on a try-before-you-buy basis. If a participating country is short of funds Congress has taxpayers make up the difference.¹⁷ How trainees will use these weapons is seldom an issue, even if they come from countries at war or with abominable human rights records.

2. In 1997 the US House of Representatives unanimously adopted an “Arms Sales Code of Conduct” that would have allowed sales only to cooperative democratic countries that respect their citizens’ human rights, are not aggressive towards other states, and participate fully in the UN Register of Conventional Arms. This legislation was killed in conference committee. Meanwhile the US Foreign Military Sales (FMS) program facilitates distributing weapons of all kinds, usually gratis, to “friendly” (i.e., strategically useful) countries.

3. Bypassing US arms control statutes has become an art. In spite of seemingly prohibitive legislation, weapons have been sent to coup-governed Pakistan, exporters ship arms to terrorist states and regimes that violate internationally recognized human rights, a financial institution can participate in weapons sales provided it is not “directly involved” in a transaction, and human rights violators in Afghanistan can have military assistance by virtue of a “notwithstanding any other provision of law” clause in a 2001 funding bill.¹⁸

4. In October 2005, to squelch a growing movement that seeks to hold weapons manufacturers liable for arms-related harm, two-thirds of the members of each Congressional body voted for The Protection of Lawful Commerce in Arms Act, exempting the arms industry from liability, and the President promptly signed it.

5. On the international level, especially at the UN, various efforts to establish meaningful arms controls have so far been frustrated. Four years before the “Control Arms” treaty was blocked, a limited-scope UN Conference on the Illicit Trade in Small Arms and Light Weapons in All Its Aspects had also failed. These setbacks, in turn, mirror the fact that the UN Security Council, whose permanent members are major arms exporters, has never fulfilled its responsibility under Article 26 of the UN Charter to submit plans to the UN “for the establishment of a system for the regulation of armaments.”

One constant in all this is a commitment to bolstering the arms industry, regardless of who gets hurt or how badly. Perhaps it is a jungle out there, as gun lobbyists say, but the unhampered distribution of weapons is surely not a civilizing factor. Indeed, the process of distributing weapons has become so complex that the respective roles of government agencies and private contractors are blurred. Hobbes would perhaps understand how this could be; but he would surely understand even more clearly the need to impose order on the chaos and assign responsibilities. This has been done to some extent in the wake of 9/11, but only on the basis of a simplistic rationale.

Although their country had for years had military bases all over the world, had often interfered in the internal affairs of other countries and had often encountered opposition, Americans saw themselves as the innocent victims of the terrorist acts committed on their soil. The US administration expanded this anecdotal understanding into a Manichean global bipolarity and set people’s sights on fighting terrorists (rather than communists) everywhere. The national debt has since been mounting

steadily, and the country is becoming ever more dependent on the willingness of foreign creditors to “stay the course.” Yet as before during the Cold War era, companies that do business with and through the DOD are benefiting. In one important respect, however, the present state of affairs is different because it involves what Marx might have seen as an inversion of the master-slave relationship.

Among the many contractors that do business with the DOD there are now just a few really major players: two giants, Boeing and Lockheed Martin, and two other major contractors that want to remain independent, Raytheon and Northrop Grumman.¹⁹ This consolidation was effected via mergers with other contractors the cost of which was paid by taxpayers and by the thousands of American workers who were the victims of outsourcing to China and Saudi Arabia just a few years after Boeing and others had emphasized job maintenance in the 1992 election campaign. The most important of these mergers involved Boeing’s purchases of Rockwell International’s space and engine divisions in 1996 and of McDonnell Douglas in 1997. As a result of these and other related changes at Boeing, this company is now the largest US arms exporter (60 percent of its sales are to other countries). It so controls the Export-Import Bank that this institution is commonly referred to as the “Bank of Boeing,” and its business connections with China have given it the single most important influence on US-China policy.²⁰

To investors in and (surviving) employees of these companies, their control over how and where the US government will spend its defense dollars must seem on the whole a good thing. Victims of US military adventures, including its taxpayers and its troops abroad, may not agree. But few even seem to notice that all these intertwined causes and effects are bringing a post-Westphalian political community into being. Defense contractors claim to be ethical in all their business dealings.²¹ Their customer, though, is reportedly both corrupt and incompetent as it goes about funding them. According to a recent evaluation of its practices, the DOD is vulnerable to contracting fraud, waste, and abuse (mismanagement) by virtue of weaknesses in each of five areas: “senior leadership, capable acquisitions workforce, adequate pricing, appropriate contracting approaches and techniques, and sufficient contract surveillance.”²² Because of these weaknesses, no one in the Pentagon is held accountable when production glitches inflate projected budgets far beyond initial estimates. And contractors are paid regardless of their performance. This has led some members of Congress to call for better oversight.²³ But both government and media spokespersons divert attention from such problems by focusing rhetorically on the military’s salvific mission.

In short, the US national treasure is being expended for the sake of a comparatively small sector of the population, namely, people who benefit directly or indirectly from policies that commit two-thirds of the discretionary federal budget to “national defense.” Local opposition may arise if some nearby base is being considered for closing. But generally speaking the American people let militaristic

rhetoric trump moral concerns. Thus does the mantra of national defense drown out serious concern about why discretionary tax-derived funds are so heavily concentrated on the arms industry. If an elected official should happen to wonder about this, industry spokespersons point out that they not only protect people but give them good jobs. Perhaps so, but whatever employment the industry provides could be accomplished just as well by subsidies to other industries and, in any event, the actual number of citizens employed is minimized by offsets (on site manufacturing) and outsourcing to client buyers abroad.

Neither capitalist nor communist, if principled, could defend this boondoggle in the name of national defense. But so long as the world and its inhabitants do not go up in a mushroom cloud, Americans seem unperturbed by the many lesser cataclysms effected in their name—by, e.g., smart bombs, computer guided missiles, and helicopter gun ships. This moral blindness is understandable considering how carefully it is being crafted, partly by politicians and media but perhaps even more by arms industry advertisers and lobbyists. In some quarters this might even be thought of as a criminal conspiracy. But Westphalian mythology diverts people's attention from the efforts of peace-oriented NGOs to impose humanitarian values on the military weapons industry. Considering how poorly this industry performs with respect to either the CSR profitability requirement or the CSR use of political power requirement, then, a company in the arms industry should not be immune from liability by virtue of its relationship to a sovereign state.

The arms industry is in violation of CSR standards regarding the environment, social equity, profitability, and use of political power. This being the case, should an arms manufacturer be able to disavow its CSR inadequacies by simply pointing to government priorities?

In a blueprint Westphalian nation-state, the government exercises hegemony over violence whether within or beyond its borders. In practice, though, there are complications. In the US one must acknowledge a constitutional right to bear arms, which renders the government's designations of friends and foes irrelevant in the absence, say, of some felonious behavior or terrorist connections. This suggests that in the domestic market US arms manufacturers are not merely agents but are principals in the provision of weapons to users. Similarly, given the seemingly deliberate defects in US controls over arms transfers, these manufacturers are also principals in the provision of weapons to users abroad.

So whether the venue of liability is within or beyond the nation-state, no corporation based in the United States is acting responsibly if it unhesitatingly transfers weapons to any group that can pay even if the transfer should have been blocked by political operatives. For these weapons are ordinarily intended to serve as means to power and wealth over the bodies of anyone who stands in the way. In short, token political oversight is no substitute for authentic cost-benefit analyses and human rights standards that take peoples' lives and well-being into account. If this were done

in all seriousness, at least small arms manufacturers and traders would be seen for what they are and what they intend to be: facilitators of death and destruction.

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Notes

1. Aditi Gowri, "When Responsibility Can't Do It," *Journal of Business Ethics* 54 (2004): 33–50. One social response to such concerns is the Socially Responsible Investing movement. A common legal response is to impose strict liability on manufacturers of certain products on the grounds that they are in the best position to make their products safer to use. Such legal constraints are called for because the "do no harm" principle so familiar to moral philosophers is too easily dissipated in a complex corporate setting. See in this regard Lawrence E. Mitchell, *Corporate Irresponsibility* (New Haven: Yale University Press, 2001); M. David Ermann and Richard J. Lundman, *Corporate Deviance* (New York: Holt, Rinehart and Winston, 1982); and compare Christopher D. Stone, *Where the Law Ends* (New York: HarperCollins, 1975).
2. Andrew Linklater, *The Transformation of Political Community: Ethical Foundations of the Post-Westphalian Era* (Columbia, SC: University of South Carolina Press, 1988).
3. To economists, an externality is any effect of a transaction between two parties on a third party who is not involved in the carrying out of that transaction. If the externality is a benefit it is positive; if it is a cost, it is negative. Some consider only externalities from one market to another (e.g., reduction of fish population due to pesticide runoff from a farm). As I use this term it extends beyond identifiable markets to anything of value, human or not, even if not readily quantifiable.
4. See Anthony Honoré, "Causation in the Law," *Stanford Encyclopedia of Philosophy*, 8 Nov. 2001, rev. 12 Oct. 2005, online at <http://plato.stanford.edu/entries/causation-law/>. See also Christopher Hitchcock, "Probabilistic Causation," *ibid.*, 11 July 1997, rev. 6 Sept. 2002, online at <http://plato.stanford.edu/entries/causation-probabilistic/>.
5. See "Deadly Weapon" in Wikipedia at http://en.wikipedia.org/wiki/Deadly_weapon. For a detailed elaboration of the processes by which potential for harm is estimated, see Kristin Shrader-Frechette, *Risk Analysis and Scientific Method* (Boston: D. Reidel, 1985), esp. chap. 5.
6. Gert G. Harigel, "Chemical and Biological Weapons: Use in Warfare, Impact on Society and Environment," Nuclear Age Peace Foundation, 2001, online at http://www.wagingpeace.org/articles/2001/11/00_harigel_ebw.htm; Ruben Mnatsakanian, "A Poisoned Legacy," *Our Planet* 8:6 (March 1997), online at <http://www.ourplanet.com/imqversn/86/sakan.html>.
7. Normand Gariépy, "Lac Saint-Pierre, Quebec," UNESCO Biosphere Reserves in Canada, No. 13, March 2001, online at http://www.biosphere_canada.ca/publications/newletters-bulletins/13/art.1.htm; Jürgen Brauer, "The Effect of War on the Natural Environment," 2000, online at <http://www.aug.edu/~sbajmb/paper-london3.PDF>; Nancy L. Peluso and Michael Watts, ed., *Violent Environments* (Ithaca: Cornell University Press, 2001); Cynthia G. Wagner, 2003, "War Crimes Against Nature: Groups Raise Call to Arms Against War on the Environment," *The Futurist* 37:3 (May–June 2003).

8. Michael Klare, "The Kalashnikov Age," *Bulletin of the Atomic Scientists* 55:1 (Jan/Feb, 1999): 18–22.
9. Tracy London, "Small Arms and Corporate Social Responsibility: Emerging International Norms and a Program for Advocacy" (2005): 1, online at <http://www.ploughshares.ca/libraries/WorkingPapers/wp051.pdf>.
10. These top ten contractors and the amounts of their contracts over FY 1998–2003 were (not counting joint venture income): Lockheed-Martin (\$94 billion), Boeing (\$81.6 billion), Raytheon (\$39.9 billion), Northrop Grumman (\$33.9 billion), General Dynamics (\$33.2 billion), United Technologies (\$17.8 billion), General Electric (\$10.6 billion), Science Applications International (\$10.5 billion), and Newport News Shipbuilding (\$8.8 billion), which is now owned by Northrop-Grumman.
11. These were General Electric (\$88 million), Lockheed Martin (\$71.5 million), Boeing (\$64.4 million), and Northrop Grumman (\$61.2 million). See Larry Makinson, "Outsourcing the Pentagon: Who Benefits from the Politics and Economics of National Security?" 29 Sept 2004 (The Center for Public Integrity), online at <http://www.publicintegrity.org/pns/report/asp?aid=385>.
12. The US defense budget came to \$538–548 billion in 2004 but grows to \$765.5 billion if one includes other defense-related expenditures that are funded outside the Department of Defense, e.g., in the Department of Energy (nuclear weapons) or the Veterans Administration. That year total expenditures for defense in the rest of the world came to \$509 billion. See Stockholm International Peace Research Institute (SIPRI), *SIPRI Yearbook 2005: Armaments, Disarmament and International Security* (Oxford: Oxford University Press, 2005), 310; Jurgen Brauer and Nicholas Anglewicz, "Two-Thirds on Defense," *Tom Paine*, 10 June 2000, reposted on Global Policy Forum website; Winslow Wheeler, "Just How Big Is the Defense Budget?" *CounterPunch*, 19 Jan 2006, online at www.counterpunch.org/wheeler.01192006.html.
13. Richard F. Grimmett, "Conventional Arms Transfers to Developing Nations, 1997–2004," Report for Congress, U.S. Congressional Research Service, Library of Congress, 29 Aug. 2005, online at <http://www.fas.org/man/crs/RL32547.pdf>.
14. Frida Berrigan and William D. Hartung, "U.S. Weapons at War 2005: Promoting Freedom or Fueling Conflict?" World Policy Institute, June 2005, online at <http://www.worldpolicy.org/projects/arms/reports/wawjune2005.html>.
15. A dual-use technology is by definition developed for and identified with a military use but can also be used for a non-military purpose. The Internet is in fact an example. So too is high resolution spy-satellite technology which, though developed by the Cold War principals to secretly keep track of one another's activities, has many non-military uses.
16. In addition to the Nuclear Nonproliferation Treaty (effective 1970), which the US had signed, there were US statutes in place to regulate munitions exports, including the Arms Export Control Act, covering State Department oversight of defense items, and the Export Administration Act of 1979, covering Department of Commerce oversight of dual-use goods, software, and technology (some 12,000 applications per year). Licenses are required for items on the Commerce Control List, the United States Munitions List, and the Nuclear Regulatory Commission Controls, all supplemented with ad hoc oversight provisions. See U.S. Department of State, Bureau of Nonproliferation, "An Overview of U.S. Export Controls," online at <http://www.exportcontrol.org/>, click on 'Export Control'.

17. William D. Hartung, "Corporate Welfare for Weapons Makers: The Hidden Costs of Spending on Defense and Foreign Aid," *Policy Analysis* No. 350 (12 Aug. 1999), online at <http://www.cato.org/pubs/pas/pa350.pdf>.

18. The statutes at issue are: Sections 116 and 502b of the Foreign Assistance Act of 1961; Section 508 of the FY2002 Foreign Operations Appropriations Act; Section 40 of the Arms Export Control Act of 1976, 22 U.S.C. sect. 2778(b), as amended 1996; and the Leahy Amendment to the Foreign Assistance Act and the Defense Appropriation Act. Regarding financial institutions' involvement, see Amnesty International, TransArms, "Dead on Time—Arms Transportation, Brokering and the Threat to Human Rights" (10 May 2006): 5 and 35, online at <http://web.amnesty.org/library/index/engact30082006>.

19. Post-9/11 contractors may also provide new products and services to the newly established Department of Homeland Security (DHS), which the Bush administration initially opposed but then learned to love. DHS buys purportedly safety-enhancing products from companies whose top personnel come increasingly from the DHS, where they earned far less than now in the private sector. Another newcomer is the foreign-based but largely American owned arms manufacturer (e.g., the UK's BAE Systems) that challenges so-called Buy America rules and the domestic/foreign distinction by locating a plant in the US and/or buying US companies (*New York Times*, 16 Aug 2006, 18 and 19 June 2006, 27 Sept 2005).

20. Boeing Aircraft's relationship with the US government is a paradigm of the industry as a whole. Though also a producer of commercial products, it depends on DOD for a large percentage of its revenues. (In 2004 it derived profits of \$623 million from revenues of \$12.96 billion, 57 percent of which [\$7.4 billion] came from sales of military aircraft and weapons systems [Associated Press, 28 April 2004].) Given this dependency, it relies heavily on lobbyists, whose contract-seeking practices have periodically immersed the company in scandal, e.g., during the Reagan administration and more recently when a last-minute amendment to the Pentagon's appropriation bill, passed in December 2001, authorized an Air Force 10-year lease of a hundred 767 commercial jets at \$20 million per jet to use as refueling tankers. The total cost, including back-and-forth conversion costs, would have exceeded that for purchasing the aircraft outright. Opposition intensified, some key personnel at Boeing and at DOD were dismissed or imprisoned, and Boeing and its competitors began formulating plane replacement proposals. Other proposals include continuing to purchase C-17 cargo planes (\$200 million each) even though no more are needed and installing (as yet unreliable) antimissile interceptors in Poland to knock out (hypothetical) incoming missiles from Iran. See *New York Times*, 22 and 24 May 2006; *Mobile Press-Register*, 13 June 2006; G. Parrish, "US Arms Exporters: Boeing," *Mother Jones Mojowire*, 1999, online at http://www.motherjones.com/news/special_reports/arms/boeing.html.

21. Defense Industry Initiative, "The Defense Industry Initiative on Business Ethics and Conduct: 2005 Annual Report to the Public," online at <http://www.dii.org/>.

22. US Government Accountability Office, "Global War on Terrorism: DOD Needs to Improve the Reliability of Cost Data and Provide Additional Guidance to Control Costs," Report to Congressional Committees (Sept. 2005), 2 online at <http://www.gao.gov/new.items/d05882.pdf>

23. Leslie Wayne, "Late and Costly: Pentagon Still Pays," *New York Times*, 11 July 2006, C1+.