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## Military Industrial Complex (MIC)

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### Synonyms

[Permanent war economy](#); [War corporatism](#)

### Definition/Introduction

“The military-industrial complex” (MIC) refers to a self-sustaining politico-economic system that perpetuates profitability in military supplies industries, de facto in multiple countries but primarily in the USA. It is made up of competing and/or collaborating entities – the maintenance of which is on the whole financially advantageous to all concerned. These include professional soldiers et al., managers and owners of industries that supply military equipment, government officials whose careers and interests are tied to military expenditure, and legislators whose districts benefit from defense procurement (Rosen 1973, pp. 1–2). The complex business objectives sought by these and other related personnel are fostered in part by exalting technical possibilities but also by spreading fear as to dangers that are imminent and can be countered only by maintaining the highest feasible level of military preparedness

(Hallowell 2016). In pursuit of these objectives, MIC participants’ budgetary requests amount to meticulously orchestrated industry advertising portrayed as strategic force requirements. Given this state of affairs, the preeminent business ethical questions with regard to an MIC involve ends as well as means, i.e., not only death and destruction but systemically inherent pork and waste.

### MIC Companies’ War-Oriented Strategy

C. Wright Mills (1956) formulated the concept of an MIC, and President Dwight Eisenhower famously warned about it in his 1961 Farewell Address. The entity itself had come into being during WWII as competing countries built up their military hardware in concert with the build-up of military manpower. When that war came to a cataclysmic end, the losers’ industries were severely pacified; but the winners, especially in the USA, intensified their production of warmaking equipment and, no less assiduously, their search for enemies against whom that equipment could be used (short of nuclear holocaust). And whenever so used if not used up the user government needed to fund so-called defense industry corporations to replace shortfalls of old equipment; and, increasingly, this process of replacing the old came to be supplemented with projects to introduce new means of mayhem aimed at meeting speculative future challenges.

If this industry consisted as do others of free-standing companies that respond to changes in the market by changing their mix of products to remain relevant, its list of products would have changed considerably over the past seventy-some years. And in fact, budgetary reductions were at times deemed circumstantially possible and desirable, e.g., at the end of a war, notably that in Vietnam, or more so following the demise of the USSR. MIC companies are not free-standing, however, but depend on government funding the size of which is based on a need to confront dangers that seemingly can only increase. Thus challenged the industry seldom discontinues old products, not even if the military itself asserts no need for them; and new products are rarely left unfunded merely because experts claim they will never be effective. In an artificial budgetary climate like this, in which careful estimates of demonstrable need are seldom relied on, budgetary bottom lines are more likely to be derived from actual confrontations such as the September 11, 2001, attacks. For these lend weight to estimates of risks posed by terrorists whose defeat will require a massive infusion of funds into companies whose products and services will be needed if the nation is to be adequately “defended.”

The MIC’s monetary distribution system involves interdependencies so complex that downsizing, never mind abolishing, it is generally deemed virtually unthinkable. Lobbyists for the contractors give their preferences weight by distributing vast sums of money to parties issuing contracts through the US Department of Defense (DoD) ([OpenSecrets.org](http://OpenSecrets.org) 2015). In addition, the actual manufacture of parts for weapons systems is distributed among plants deliberately located in most if not every Congressional district. A Congressional representative’s campaign contributions, hence voter support, ultimately depend on his or her level of support for the budget from which local defense manufacturers receive their contracts. Governmental public and nonpublic MIC employees similarly risk losing their jobs if they are not supportive of this system in every way (Hartung 2011, Chap. 1; Reich 2010). Apart from these domestic arrangements, many of the

companies dealing with DoD are multinational in scope, and thus so is the US MIC. Non-US weapons procurers deal directly not with contractors but with Foreign Military Sales (FMS), a program in DoD, that uses the Defense Security Cooperation Agency as its intermediary.

## MIC Budget Amounts

The size of the US MIC budget has grown considerably over the course of its existence since WWII. Consider these numbers adjusted for inflation. In 1948, the main but not total DoD budget was just over \$97 billion. It rose to \$444.5 billion in 1952 at the peak of the Korean War, then fell to as low as \$216.3 billion in 1955. Yearly increases up to and during the Vietnam era brought the total to \$413.3 billion in 1968. Decline during the 1970s was reversed during Reagan’s presidency, up to \$551.8 billion in 1985. Totals then declined again and stood at \$391 billion in 2000.

A fiscal year later, terrorists’ carried out their hijacked planes assaults, and thereafter totals climbed to \$756.3 billion in 2010 (war peak for Iraq and Afghanistan). But by 2015, they had leveled off to a Reagan-era size of \$501.8 billion or, by another calculation, \$598.5 billion (McCartney and McCartney 2015, pp. 23–25). The latter figure represents 54% of 2015 discretionary spending, and if the \$65.3 billion for Veterans Affairs is added in, the military budget rose to 60% (National Priorities 2015).

The complete total of MIC funding is not easily determined, because much of it is not shared with the public, but a partial accounting is attainable. To begin, defense-related employees include not only military personnel but also in-house civilian employees and independent contractors. The resulting number of defense-related personnel employed in the US executive branch is arguably larger than the number of executive branch employees whose jobs are not defense related. In addition, defense contractors paid over \$50 million in 2015 to 655 lobbyists 423 of whom focused on defense (Cohen 2015). Even if so, claims that the MIC generates jobs is challenged by counterclaims that more jobs would be created

if the funds involved were spent on civilian projects (Pollin and Garrett-Peltier 2007).

Some military-related funding does not pass through the DoD budget. For fiscal 2016, for example, its budget of \$573 billion did not include the additional \$163 billion earmarked for the Department of Veterans Affairs. Privately funded and yet perhaps of seminal importance are the Grand Strategy Programs (GSP) whereby conservative philanthropists pay intellectuals at a small number of universities to do research and teaching conducive to creating a “Long War University” that prepares students for permanent war. Collectively, the participating universities constitute “national warfare state universities.” Their mission is to educate students with regard to counter-insurgency or COIN. Their funding levels are, for example, \$17.5 million to Yale University and \$225,000 to Temple University (Horn and Ruff 2011).

Of course, any estimate of the MIC’s total budget would be incomplete without inclusion of its nuclear weapons arsenal. At the height of the Cold War, the USA and USSR had 70,000 nuclear weapons. The 2010 New START Treaty called for reductions to 1,550 each, and by 2014 they together had only 16,200 (Russia 8,500; US 7,700). Seven other nations together add another thousand nuclear weapons to the total. Reductions notwithstanding, then, the total number of nuclear weapons in existence is still very large and involves too many possessing nations. A Comprehensive Nuclear Test Ban Treaty would reduce these numbers still more substantially; but to achieve the necessary two-thirds support, it needs to be signed by six more nations including China (McCartney and McCartney 2015, pp. 120–131).

Nuclear weapons being so incomparably destructive, a number of activist leaders and organizations call for their complete abolition. Public opinion polls show comparable views worldwide and in the USA, with Americans increasingly negative about their use in WWII. This widespread anti-nuke attitude is drowned out, however, by the supportive roar from the MIC, and its preferences prevail. Publicly knowable funding for nuclear weapons over the nine fiscal

years 2010–2018 is \$179 billion, rising from \$16 billion to \$25 billion, i.e., an average of \$20 billion per year. (This total combines DoD funds with funds allocated to the Department of Energy’s National Nuclear Security Administration.) In themselves these are comparatively modest numbers, but they hold places for a plan to replace each leg of the “nuclear triad” – land-based, submarine-based, and bomber-delivered – over the next 20 years. The cost of this major refurbishing is an estimated \$500 billion. In the meantime, a few more status-seeking countries (e.g., North Korea) will probably have developed their own nuclear weapons and delivery systems.

### MIC Budget Allocations

During the post-Reagan years of decline, the US MIC underwent massive consolidation. Thereafter, the surviving firms won larger contracts, especially after 9/11. For example, the 2012 US defense industry was assigned a budget of \$793.9 billion. Much of that amount went to ten companies whose 2011 contracts and revenue were as follows: Lockheed Martin, \$40 billion and \$46 billion, respectively; Boeing, \$21.5 billion and \$69 billion; General Dynamics, \$19.5 billion and \$33 billion; Raytheon, \$15 billion and \$25 billion; United Technologies, \$8 billion and \$58 billion; SAIC, \$7.4 billion and \$11.1 billion; L-3 Communications, \$7.38 billion and \$15.7 billion; Oshkosh Corporation, \$4.94 billion and \$7.6 billion; McKesson Corporation, \$4.7 billion and \$112 billion (McCartney and McCartney 2015, pp. 36–38).

The 2012 US military budget cited above was 63% greater than the total of \$486.7 being spent that year by the next nine countries, which, in order of size, includes China’s \$89.8, the UK’s \$62.7, France’s \$58.8, Japan’s \$58.4, Russia’s \$52.7, Saudi Arabia’s \$46.2, Germany’s \$44.2, India’s \$37.3, and Brazil’s \$36.6 (McCartney and McCartney 2015, p. 11). Among the top arms producers in the world outside the USA in 2013, the UK’s BAE Systems was third largest with arms sales of \$26,820,000, Trans-European EADS was seventh largest (\$15,740,000), Italy’s

Finmeccanica and France's Thales were ninth and tenth with arms sales each over \$10,000,000. The largest Russian arms producer that year was twelfth place Almaz-Antey (\$8,030,000) (Kelley 2014).

The Pentagon (DoD's headquarters), built to house 40,000 military and civilian employees, currently has 23,000 plus 3,000 nondefense support personnel. As for contractors, the DoD by 2008 employed 155,826 private contractors in Iraq and only 152,275 troops. Also in 2008, it had 108,000 contractors in Afghanistan and only 65,700 troops (McCartney and McCartney 2015, p. 30). To this one needs to add separately allocated funds for military intelligence operations (70% of which is now being spent by private contractors) (Bloomfield 2013).

As recently reorganized, the Intelligence budget, initially allocated to DoD, is dispersed to the National Intelligence Program (NIP), the Joint Military Intelligence Program (JMIP), and the Tactical Intelligence and Related Activities (TIARA) funding aggregation (GlobalSecurity.org). Because of Edward Snowden, we possess details of the 2013 US budget for national intelligence. Totaling \$52.6 billion, this budget covered a wide variety of occupations and services. Twenty-eight percent went to the Central Intelligence Agency, which paid its own 107,035 employees and 18% of all federal contractors. \$10.5 billion went to the National Security Agency, and another \$4.9 billion to "contingency operations" in Iraq and Afghanistan (Brown n.d.).

In retrospect, various areas in the world where bombs and bomb materials were produced and/or tested have become toxic wastelands, e.g., the A-test site at Bikini Atoll, the Columbia River area where the Hanford Project produced plutonium, and a host of other areas contaminated by military testing of nuclear and other weapons (Hanrahan and Smith 2011). So if one is serious about determining the total costs incurred by the MIC, damages due to weapons testing should be included, and these extend to the damage inflicted on persons, property, and environment by use of weapons in live wars. These amounts are immense and to a large extent irreversible, but restitution claims are severely suppressed by the

pro-warmaker character of international law. For example, in one attempt by US and Afghan negotiators to agree on compensatory damages to property arising out of the war in Afghanistan, the latter claimed \$100 million, the former came up with a figure of \$1.4 million (Shah and Nordland 2011; Kamrany and Taft 2012). Such damage awards, however calculated, are generally much smaller than those for environmental damages (Hulme 2004).

In short, the task of determining whether efficiencies created by the MIC outweigh its multifaceted excesses is a project still underway. Its completion requires addressing various questions as to scope, i.e., regarding which additional entities are engaged actively or passively in MIC-related activities. There clearly are such entities, so the very concept of a military-industrial complex is often considered incomplete without inclusion of these unnamed components. Doing so would yield, for example, a military-industrial-congressional-lobbyist complex. Still more troubling is an emerging plan to shut down or privatize a number of US government civilian agencies and transfer their funds to MIC entities (Hartung 2017). Whether such a plan is ever accomplished, it can already be argued that some participants in the MIC are engaging in unethical business practices (Byrne 2010, 2017).

## Cross-References

- ▶ [Arms and Weapons](#)
- ▶ [Business and Peace](#)
- ▶ [Drones: The Issue of Target Killing](#)
- ▶ [Economics and Business of War and Responsibility for Unjust Wars](#)

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### Additional Readings

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