

# The US Military Is the Biggest “Big Government” Entitlement Program on the Planet. The Recipients are Lockheed Et Al.

By [JP Sottile](#)

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*The US economy is caught in a trap. That trap is the Department of Defense: an increasingly sticky wicket that relies on an annual, trillion-dollar redistribution of government-collected wealth. In fact, it's the biggest “big government” program on the planet, easily [beating out](#) China's People's Liberation Army in both size and cost. It is not only the “[nation's largest employer](#),” with 2.867 million people currently on the payroll, but it also provides government benefits to 2 million retirees and their family members. And it actively picks private sector winners by targeting billions of dollars to an elite group of profit-seeking contractors.*

**The top five overall recipients collectively pulled in \$109.5 billion in FY2016**, and their cohorts consistently dominate the government's [list of top 100 contractors](#). They reap this yearly largesse through a Rube-Goldberg-like system of influence peddlers, revolving doors and wasteful taxpayer-funded boondoggles. Finally, it is all justified by a deadly feedback loop of perpetual warfare that is predicated on a predictable supply of blowback.

But this belligerent cash machine doesn't just produce haphazard interventions and shady partnerships with a motley assortment of strongmen, proxies and frenemies. It also has Uncle Sam caught in a strange cycle of taxpayer-funded dependence that may ultimately be the most expensive — and least productive — jobs program in human history.

That fact came into focus on June 14, 2017. That's when **Donald J. Trump** enthusiastically participated in one of the presidency's most time-honored traditions: he sold weapons to a foreign power. This time it was a [\\$12 billion deal](#) to sell 36 F-15QA fighter jets to the tiny petro-state of Qatar. And in an unintentional moment of truth, the jubilant Qatari ambassador to the US [tweeted](#) a photo of the signing:

Qatar signs LOA for the purchase of the F-15QA fighter jets creating 60,000 new jobs in 42 states across the United States [pic.twitter.com/tnOAC3KGma](https://pic.twitter.com/tnOAC3KGma)

— Meshal Hamad AlThani (@Amb\_AlThani) [June 14, 2017](#)

In less than 140 characters, **Ambassador Meshal bin Hamad al-Thani** exposed the trap that has Uncle Sam pouring \$1 trillion each year into an economy of diminishing returns that can only be mitigated with ever more spending on weapons and more military interventions

that destabilize more regions which, in turn, stokes more purchases of weapons both at home and abroad.

This direct government infusion of money into a massive, complex defense industry not only benefits corporations and shareholders, but also the employees who make the tanks, planes, bombs, helmets, shoes, epaulets, bandages, pre-packed meals and just about everything else that goes into maintaining the US's military might.

That's why President Trump himself crowed about "[jobs, jobs, jobs](#)" after signing a [\\$110 billion defense pact](#) with Qatar's neighbor during his sword-dancing sojourn in Saudi Arabia. It's also why the mantra of "jobs, jobs, jobs" is central to Trump's plan [to radically expand the US Navy](#). And it is why "jobs" is a primary selling point of his administration's effort to "[unleash](#)" US exports of weapons and military hardware overseas. We might call this phenomenon "military Keynesianism."

### **Taking the Keynes Out of Keynesianism**

British economist **John Maynard Keynes** (1883-1946) developed his eponymous macroeconomic ideas during the height of the Great Depression. Simply put, Keynesianism advocates government spending (often supported by profuse borrowing) to stimulate economic growth, to mitigate unemployment, or to simply stabilize economies and labor markets during the vicissitudes of capitalism's turbulent business cycles. Keynes advocated deficit spending to temper these swings and, most importantly, to stoke latent demand.

That emphasis on government intervention, along with Keynes's influence [on President Franklin Delano Roosevelt](#) and [on the New Deal](#) made Keynesianism a primary post-war target of conservative activists, who believed it was [tantamount to socialism](#).

Actually, [many economists agree](#) that Keynes advocated government intervention to [save capitalism](#) from socialism. What Keynes *did not* advocate was the use of military spending to achieve increased economic activity. He said as much in an [oft-cited letter](#) to FDR in 1933:

In the past orthodox finance has regarded a war as the only legitimate excuse for creating employment by governmental expenditure. You, Mr. President, having cast off such fetters, are free to engage in the interests of peace and prosperity the technique which hitherto has only been allowed to serve the purposes of war and destruction.

Ironically, that "past orthodoxy" was exactly what the Reagan Revolution reinstated when it "defeated" Keynesianism in 1980.

As an acolyte of Milton Friedman's neoliberal economics, **Ronald Reagan** famously said "government wasn't the solution, it was the problem." He also made radical cuts to "government," a.k.a. "the welfare state." But Reagan's enormous [military build-up](#) somehow avoided the dreaded "government" label, and thus, the cuts. In fact, in a Keynesian twist, borrowing skyrocketed to help fund military expansion under Reagan. Jobs were created in the ballooning defense industry, particularly in regional hubs like Southern California.

At the time, economists [criticized](#) Reagan's military buildup as an "inefficient" way to [stoke employment](#). And it's still considered inefficient — by an economist at the [St. Louis Federal Reserve](#), by libertarian thinker [Veronique de Rugy](#) and by scholar [Heidi Garrett-](#)

**Peltier** of the [Costs of War Project](#). But they are rare apostates against US orthodoxy. And it's been that way since Reagan replaced traditional Keynesianism with a weaponized version that tacitly embraced the idea of "war as the only legitimate excuse for creating employment by governmental expenditure."

And while Keynesianism's harshest critics still deride it as "socialism" and "government intervention," rare is the fiscal fussybudget who attacks Uncle Sam's yearly reallocation of wealth to sustain the world's biggest government program. Equally as rare is the budgetary hawk who doesn't dip his or her beak into the deep, Keynesian pool of public funds when it comes time to fill-up the National Defense Authorization Act with tax dollars. For many members of Congress, a vote for a tank, a fighter jet or a base expansion is also a crucial vote to put money into their constituents' pockets.

The ultimate triumph of this orthodoxy was made clear in 2009 when the "liberal," John Podesta-founded [Center for American Progress](#) published a [nine-page memo](#) touting the ways "Military Spending Can Grow the Nation's Economy." Well-known defense analyst **Lawrence Korb** was the lead author of the memo. Writing in the wake of the Great Crash of 2008, Korb and Co. advocated a spike in military spending as a way to "jumpstart the economy" through government investment in [three key areas](#):

1. Increased recruitment into the military as a safety valve for excess labor capacity;
2. Construction spending around the massive network of bases and facilities to stoke employment;
3. Weapons and equipment purchases as a de facto pass-thru to contractors and companies to provide income to US workers.

In other words, these "liberal" analysts proposed laundering public funds through the defense budget and into the economy. Their ideas, of course, were not new; truth be told, that's what the defense budget has done for decades, thanks to a willingness to spread the wealth liberally.

### **Supply Chains That Bind**

The F-35 jet program is the ultimate avatar of military Keynesianism. The jet, produced by the giant military and security corporation Lockheed Martin, is a [\\$406 billion plane](#) that [suffocates pilots](#), [struggles with inclement weather](#), [experienced engine fires](#) and will cost over \$1 trillion just to [operate and support](#).

Yet [boondoggles](#) like the F-35 program amble through the budget process like unstoppable zombies that eat the brains of politicians and policymakers. While there's no doubt that millions of dollars in corporate lobbying play a huge part, that's not the only reason why projects like this happen. It's also the jobs, stupid. Just ask the commander-in-chief.

Initially, President Trump "[slammed](#)" Lockheed's beleaguered jet as "way, way behind schedule" and "many billions of dollars over budget." In response, Lockheed entered "renegotiations" to bring down the cost per plane. Lockheed's CEO promised that its "new" deal would "create 1,800 new jobs" in Texas. The F-35 already employed 38,900 Texans and, as the LA Times [pointed out](#), its "supply chain touches 45 states." You see, it's all about supply chains. That explains the Qatari ambassador's tweet about the "60,000" jobs in "42" states after his nation purchased 36 F-15QAs. It also explains how a widely dispersed

defense budget creates constituencies in congressional districts around the country.

As the Chicago Tribune [reported](#), Georgia, California, Arizona and Florida join Texas in “playing the leading roles in testing and manufacturing” the F-35. And its impressive chain links “more than 1,250 domestic suppliers” who “produce thousands of components.” Once Lockheed announced its [unofficial deal](#) to shave \$728 million off the latest “[batch](#)” of 90, Trump again touted his [specious role](#) in securing more “jobs” ... thanks to the F-35!

Now Trump is a full-on F-35 enthusiast, stepping up to the role of sales rep for the supposedly “[invisible](#)” plane, and Japan is his latest customer. Although Japanese Prime Minister Abe “walked it back,” [Trump claimed](#) Abe would be “purchasing massive amounts of military equipment, as he should.” The shopping list included the F-35 and missiles of “many different kinds,” and, of course, this big buy means “a lot of jobs for us (the United States) and a lot of safety for Japan.”

So, is this the reason why the F-35 is too big to fail? Is it really just about making planes? It certainly isn't a matter of military might. The US already dominates the skies, and the future of aerial combat is moving with increasing speed toward flying killer robots. At the same time, the need to deploy military power to ensure the steady flow of oil into US factories and automobiles continues to lose its importance. The US has become a net exporter of hydrocarbons, and the looming specter of “peak oil” has been replaced with the sunnier likelihood of “peak demand” — and that [coming peak](#) in the amount of oil the world market demands basically nullifies the leading rationale for 70 years of American empire.

As renewable energy sources become not only cost competitive but also preferred, one wonders how long it will make sense to station the [Fifth Fleet](#) in Bahrain or to patrol the South China Sea to challenge China's claim on the [oil-rich area](#). Yet, with the “Trump Build-Up” officially underway, the US is quintupling down on a model not only rooted in economically flaccid military Keynesianism, but also in a decrepit national security strategy that might itself be a boondoggle.

### **Too Big to Fail?**

The US stands alone as a globe-spanning empire with 787 overseas bases, “[lily pad](#)” deployments and host country facilities in 88 nations and territories, [according to the most recent accounting](#) by scholar David Vine. At home, a Google Maps search [reveals](#) another 603 bases, depots, arsenals and assorted military facilities peppered around the 50 states. The US dominates the land, sea and skies, and is moving to dominate space.

This empire hasn't come cheap. A 2008 [study](#) by the [Nuclear Threat Initiative](#) put the price tag of “all military spending from 1940 through 1996” at a fulsome \$18.7 trillion. Spending dropped by one third throughout the '90s, but according to a [meta-study](#) by the Council on Foreign Relations, “the U.S. share of global military spending only fell by six percentage points.” So, despite two “[low-points](#)” in 1998 (\$296.7 billion) and 1999 (\$298.4 billion), the US maintained its significant advantage heading into the 21st century.

That advantage became grotesque as [budgets ballooned](#) to fight a globe-spanning “war on terror.” In 2017, the US spent \$611 billion on the defense budget alone, easily outspending the [eight-biggest spenders combined](#). In 2018, spending will hit [\\$700 billion](#). And, when war funding, nuclear weapons, intelligence operations, homeland security and veteran benefits are included, the *real* annual total for all “[defense-related](#)” spending regularly tops \$1

trillion. All told, the US's "post-9/11 wars will total more than \$5.6 trillion by the end of fiscal year 2018," [according to the Costs of War Project](#).

On the other hand, Russia spent a mere [\\$69.2 billion](#) on its military in 2016, and that total dropped to [\\$49.2 billion](#) in 2017. So Russia's total military budget is far less than the amount ([\\$80 billion](#)) Congress added onto this year's US military budget. Meanwhile, China spent roughly one-quarter of what the US spent in 2017 with a budget of [\\$151.43 billion](#). So, while China's government actively invests in [supercomputing](#), [AI](#), [biotech](#) and, most importantly, in a trillion-dollar "[Belt and Road](#)" program that's building infrastructure in [other countries](#), the US pours money into a jobs program that doesn't produce consumer products, isn't rebuilding roads and bridges, isn't building a new electrical grid, nor alleviating crushing student debt.

Instead, taxpayers' only end product is a larger military with more bases and more weapons. However, without a serious shift toward non-defense government priorities, cutting the defense budget would mean, in the immediate term, many Americans losing their jobs. In the absence of non-military jobs programs and other forms of robust social spending, these workers depend on military tax dollars to fund their livelihoods, their health care and their kids' educations. Tax dollars sustain the military-driven local and regional economies within which they live and work. Not coincidentally, this misallocated investment in a "war and weapons-based economy" is, as **Major Gen. (Ret.) Dennis Laich** and **Col. (Ret.) Lawrence Wilkerson** [write](#), also reflected in the inherent "unfairness" that feeds off the "all-volunteer force."

They detailed how the US's systemic inequality is reflected in the undeniable fact that the job of fighting now falls disproportionately on Americans from rural communities and "less well-to-do" areas. Amazingly, the Army gets more soldiers from Alabama (population 4.8 million) than "from New York, Chicago, and Los Angeles combined" (population 25 million). Similarly, 40 percent of the Army comes from seven states of the Old South." This is a military drawn from those left behind by the emerging "[Industry 4.0](#)" economy in urban hubs. This is their one sure thing — courtesy of Uncle Sam.

What this means is that the US is straddled with an entitlement program that is as much of a "third rail" as Medicare and Social Security. Like those entitlements, sudden cuts mean direct and immediate pain for a lot of Americans who simply cannot afford it. It also means we have to finally admit that the defense budget is as much about jobs as it is national security.

And if we are truly honest with ourselves, we should admit that the wealth we all still share was built in no small part on the back of the military-industrial complex. There is a reason why 4.4 percent of the world's population so easily consumes a [quarter of the world's resources](#). But now that model is atrophying. Soft power and symmetrical warfare are intersecting with technology to challenge the paradigm. And blowback from empire is draining vital capital.

So, what are the options now that the US finds itself stuck in this paradigmatic trap? There are three possible alternatives.

One is to simply slash the budget. The downside is that it will dislocate millions of people who rely directly and indirectly on defense spending. The upside is that it will force an immediate retreat from both empire and military Keynesianism. This also could stoke some



economic growth if the half to three-quarters of a trillion in annual savings was “returned” to taxpayers in the form of a rebate check. Basically, Americans would finally get the “[peace dividend](#)” almost 30 years after the Cold War ended.

The second option is the post-WWII demobilization model. That influx of manpower was met with the [GI Bill](#), [tax breaks](#) for new homeowners and investments in [infrastructure](#). This is a truly Keynesian solution. Infrastructure jobs and educational subsidies would provide relief to Americans currently reliant on military Keynesianism for their livelihoods. The original GI Bill “returned \$7 to the American economy for every \$1 invested in the GI Bill,” [notes](#) Jared Lyon of the Institute for Veterans and Military Families. And a [study](#) by Costs of War Project [determined](#) allocating resources to “clean energy and health care spending create 50 percent more jobs than the equivalent amount of spending on the military,” and “education spending creates more than twice as many jobs” as defense spending.

Frankly, either of these two solutions is far better than the third option, which is to continue to misallocate hundreds of billions in precious capital away from the productive economy while wreaking havoc at home and abroad. And that’s the ultimate no-win situation for a militarized economy that has manufactured its share of bloody, no-win situations since the end of World War II.

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***JP Sottile** is a freelance journalist, published historian, radio co-host and documentary filmmaker (*The Warning*, 2008). His credits include a stint on the Newshour news desk, C-SPAN and as newsmagazine producer for ABC affiliate WJLA in Washington. His weekly show, “*Inside the Headlines With The Newsvandal*,” co-hosted by James Moore, airs every Friday on KRUU-FM in Fairfield, Iowa. He blogs under the pseudonym “*the Newsvandal*.”*

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