

The United States unique today among major states in the degree of its reliance on military spending and its determination to stand astride the world, militarily as well as economically. No other country in the post–Second World War world has been so globally destructive or inflicted so many war fatalities. Since 2001, acknowledged U.S. national defense spending has increased by almost 60 percent in real dollar terms to a level in 2007 of \$553 billion. This is higher than at any point since the Second World War (though lower than previous decades as a percentage of GDP). Based on such official figures, the United States is reported by the Stockholm International Peace Research Institute (SIPRI) as accounting for 45 percent of world military expenditures. Yet, so gargantuan and labyrinthine are U.S. military expenditures that their true magnitude reached \$1 trillion in 2007.

Externally, these are necessary expenditures of world empire. Internally, they represent, as Michal Kalecki was the first to suggest, an imperial triangle of state-financed military production, media propaganda, and real/imagined economic-employment effects that has become a deeply entrenched and self-perpetuating feature of the U.S. social order.

Many analysts today view the present growth of U.S. militarism and imperialism as largely divorced from the earlier Cold War history of the United States, which was commonly seen as a response to the threat represented by the Soviet Union. Placed against this backdrop the current turn to war and war preparation appears to numerous commentators to lack a distinct target, despite concerns about global terrorism, and to be mainly the product of irrational hubris on the part of U.S. leaders. Even as insightful a left historian as Eric Hobsbawm has recently adopted this general perspective. Thus in his 2008 book *On Empire* Hobsbawm writes:

Frankly, I can't make sense of what has happened in the United States since 9/11 that enabled a group of political crazies to realize long-held plans for an unaccompanied solo performance of world supremacy. . . . Today a radical right-wing regime seeks to mobilize "true Americans" against some evil outside force and against a world that does not recognize the uniqueness, the superiority, the manifest destiny of America. . . . In effect, the most obvious danger of war today arises from the global ambitions of an uncontrollable and apparently irrational government in Washington. . . . To give America the best chance of learning to return from megalomania to rational foreign policy is the most immediate and urgent task of international politics.

Such a view, which sees the United States as under the influence of a new irrationalism introduced by George W. Bush and a cabal of neoconservative "political crazies," and consequently calls for a return from "megalomania to rational foreign policy," downplays the larger historical and structural forces at work that connect the Cold War and post–Cold War imperial eras. In contrast, a more realistic perspective, I believe, can be obtained by looking at the origins of the U.S. "military ascendancy" (as C. Wright Mills termed it) in the early Cold War years and the centrality this has assumed in the constitution of the U.S. empire and economy up to the present.

### **The Permanent War Economy and Military Keynesianism**

In January 1944 Charles E. Wilson, president of General Electric and executive vice chairman of the War Production Board, delivered a speech to the Army Ordnance Association advocating a permanent war economy. According to the plan Wilson proposed on that occasion, every major corporation should have a “liaison” representative with the military, who would be given a commission as a colonel in the Reserve. This would form the basis of a program, to be initiated by the president as commander-in-chief in cooperation with the War and Navy departments, designed to bind corporations and the military together into a single unified armed forces–industrial complex. “What is more natural and logical,” he asked, “than that we should henceforth mount our national policy upon the solid fact of an industrial capacity for war, and a research capacity for war that is already ‘in being’? It seems to me anything less is foolhardy.” Wilson went on to indicate that in this plan the part to be played by Congress was restricted to voting for the needed funds. Further, it was essential that industry be allowed to play its central role in this new warfare state without being hindered politically “or thrown to the fanatical isolationist fringe [and] tagged with a ‘merchants-of-death’ label.”

In calling even before the Second World War had come to a close for a “continuing program of industrial preparedness” for war, Charles E. Wilson (sometimes referred to as “General Electric Wilson” to distinguish him from “General Motors Wilson”—Charles Erwin Wilson, president of General Motors and Eisenhower’s secretary of defense) was articulating a view that was to characterize the U.S. oligarchy as a whole during the years immediately following the Second World War. In earlier eras it had been assumed that there was an economic “guns and butter” trade-off, and that military spending had to occur at the expense of other sectors of the economy. However, one of the lessons of the economic expansion in Nazi Germany, followed by the experience of the United States itself in arming for the Second World War, was that big increases in military spending could act as huge stimulants to the economy. In just six years under the influence of the Second World War, the U.S. economy expanded by 70 percent, finally recovering from the Great Depression. The early Cold War era thus saw the emergence of what later came to be known as “military Keynesianism”: the view that by promoting effective demand and supporting monopoly profits military spending could help place a floor under U.S. capitalism.

John Maynard Keynes, in his landmark *General Theory of Employment, Interest and Money*, published in 1936, in the midst of the Depression, argued that the answer to economic stagnation was to promote effective demand through government spending. The bastardized Keynesianism that came to be known as “military Keynesianism” was the view that this was best effected with the least negative consequences for big business by focusing on military spending. As Joan Robinson, one of Keynes’s younger colleagues, critically explained in her iconoclastic lecture, “The Second Crisis of Economic Theory,” before the American Economic Association on December 27, 1971:

The most convenient thing for a government to spend on is armaments. The military-industrial complex [thus] took charge. I do not think it plausible to suppose that the Cold War and several hot wars were invented just to solve the employment problem. But certainly they have had that

effect. The system had the support not only of the corporations who make profits under it and the workers who got jobs, but also of the economists who advocated government loan-expenditure as a prophylactic against stagnation. Whatever were the deeper forces leading to the hypertrophy of military power after the world war was over, certainly they could not have had such free play if the doctrine of sound finance had still been respected. It was the so-called Keynesians who persuaded successive Presidents that there is no harm in a budget deficit and left the military-industrial complex to take advantage of it. So it has come about that Keynes' pleasant daydream was turned into a nightmare of terror.

The first to theorize this tendency toward military Keynesianism under monopoly capitalism was the Polish economist Michal Kalecki (most famous, as Robinson pointed out in the above-mentioned lecture, for having discovered the essentials of Keynes's General Theory before Keynes himself). In a 1943 essay on "The Political Aspects of Full Employment" and in subsequent essays, Kalecki argued that monopoly capital had a deep aversion to increased civilian government spending due to its intrusion on the commodity market and the sphere of private profit, but that this did not apply in the same way to military spending, which was seen by the vested interests as adding to, rather than crowding out, profits. If absorption of the massive economic surplus of large corporate capital through increased government spending was the key to accumulation in post-Second World War U.S. capitalism, this was dependent principally on military expenditures, or what Kalecki in 1956 labeled "the armament-imperialist complex." This resulted in a "high degree of utilization" of productive capacity and "counteracted the disrupting influence of the increase in the relative share of accumulation of big business in the national product."

For Kalecki this new military-supported regime of accumulation that came to characterize U.S. monopoly capital by the mid-1950s established a strong political-economic foundation for its own rule "based on the following [imperial] triangle":

1. Imperialism contributes to a relatively high level of employment through expenditures on armaments and ancillary purposes and through the maintenance of a large body of armed forces and government employees.
2. The mass communications media, working under the auspices of the ruling class, emits propaganda aimed at securing the support of the population for this armament-imperialist setup.
3. The high level of employment and the standard of living increased considerably as compared with before the war (as a result of the rise in the productivity of labor), and this facilitated the absorption of this propaganda to the broad masses of the population.

Mass communication occupied a central place in this imperial triangle. An essential part of Kalecki's argument was that "the mass communication media, such as the daily press, radio, and television in the United States, are largely under the control of the ruling class." As none other than Charles E. (General Electric) Wilson, then defense mobilization director, put it in a speech to the American Newspaper Publishers Association on April 26, 1951, the job of the media was to bring "public opinion, *as marshaled by the press*" to the support of the permanent war effort (italics added).

The result by the mid-1950s was a fairly stable militarized economy, in which intertwined imperial, political-economic, and communication factors all served to reinforce the new military-imperial order.

Kalecki observed that U.S. trade unions were “part and parcel of the armament-imperialist setup. Workers in the United States are not duller and trade union leaders are not more reactionary ‘by nature’ than in other capitalist countries. Rather, the political situation in the United States is simply, in accordance with the precepts of historical materialism, the unavoidable consequence of economic developments and of characteristics of the superstructure of monopoly capitalism in its advanced stage.” All of this pointed to what Harry Magdoff was to call the essential “one-ness of national security and business interests” that came to characterize the U.S. political economy and empire.

Many of Kalecki’s ideas were developed further by Paul Baran and Paul Sweezy in 1966 in *Monopoly Capital*. Baran and Sweezy argued there were at least five political-economic-imperial ends propelling the U.S. oligarchy in the 1950s and ’60s toward the creation of a massive military establishment: (1) defending U.S. global hegemony and the empire of capital against external threats in the form of a wave of revolutions erupting throughout the world, simplistically viewed in terms of a monolithic Communist threat centered in the Soviet Union; (2) creating an internationally “secure” platform for U.S. corporations to expand and monopolize economic opportunities abroad; (3) forming a government-sponsored research and development sector that would be dominated by big business; (4) generating a more complacent population at home, made less recalcitrant under the nationalistic influence of perpetual war and war preparation; and (5) soaking up the nation’s vast surplus productive capacity, thus helping to stave off economic stagnation, through the promotion of high-profit, low-risk (to business) military spending. The combined result of such political-economic-imperial factors was the creation of the largest, most deeply entrenched and persistent “peacetime” war machine that the world had ever seen.

Like Kalecki, Baran and Sweezy argued that the U.S. oligarchy kept a “tight rein on civilian [government] spending,” which, they suggested, “had about reached its outer limits” as a percentage of national income “by 1939,” but was nonetheless “open-handed with the military.” Government pump-priming operations therefore occurred largely through spending on wars and war preparations in the service of empire. The Pentagon naturally made sure that bases and armaments industries were spread around the United States and that numerous corporations profited from military spending, thus maximizing congressional support due to the effects on states and districts.

For members of the U.S. oligarchy and their hangers-on, the virtuous circle of mutually reinforcing military spending and economic growth represented by military Keynesianism was something to be celebrated rather than held up to criticism. Harvard economist Sumner Slichter explained to a banker’s convention in October 1949 that as long as Cold War spending persisted, a severe economic depression was “difficult to conceive.” The Cold War “increases the demand for goods, helps sustain a high level of employment, accelerates technological progress and thus

helps the country to raise its standard of living. . . . So we may thank the Russians for helping make capitalism in the United States work better than ever.”

Similarly, U.S. News and World Report told its readers on May 14, 1950 (a month before the outbreak of the Korean War):

Government planners figure they have found the magic formula for almost endless good times. They are now beginning to wonder if there may not be something to perpetual motion after all. Cold war is the catalyst. Cold war is an automatic pump primer. Turn a spigot, and the public clamors for more arms spending. Turn another, the clamor ceases. Truman confidence, cockiness, is based on this “Truman formula.” Truman era of good times, President is told, can run much beyond 1952. Cold war demands, if fully exploited, are almost limitless.

In the same vein, U.S. News and World Report was to declare in 1954: “What H-bomb means to business. A long period . . . of big orders. In the years ahead, the effects of the new bomb will keep on increasing. As one appraiser puts it: ‘The H-bomb has blown Depression-thinking out the window.’” (In 1959 David Lawrence, editor of U.S. News and World Report, indicated that he viewed with equanimity the suggestion that the United States “might conceivably strike first in what has become known as ‘preemptive’ rather than ‘preventive’ war.”)

Henry Luce, the media mogul at the head of the Time-Life empire, who coined the term “the American Century,” observed in November 1957 in *Fortune* that the United States “can stand the load of any defense effort required to hold the power of Soviet Russia in check. It cannot, however, indefinitely stand the erosion of creeping socialism and the ceaseless extension of government activities into additional economic fields” beyond the military. This was directly in line with Kalecki’s and Baran and Sweezy’s contention that the system was tight-fisted where civilian spending was concerned and open-handed with the military.

Remarking on the success of military Keynesianism in promoting economic prosperity, the influential Harvard economist Seymour Harris wrote in the *New York Times Magazine* in 1959: “If we treat the years from 1941 to the present as a whole, we find again that a period of record prosperity coincided with a period of heavy military outlay. . . . About one dollar out of seven went for war and preparation for war, and this expenditure was undoubtedly a stimulus to the economy.”

A military Keynesian view was close to the heart of the major U.S. planning document of the Cold War. It was called NSC-68, and it was issued in April 1950 shortly before the Korean War by the U.S. National Security Council and signed by President Truman in September 1950 (but not declassified until 1975). Drafted by Paul Nitze, then head of the policy review group in the State Department, NSC-68 intended to construct a rollback strategy against the Soviet Union. It called for a vast increase in military spending above its already high levels and considered the possibility that “in an emergency the United States could devote upward of 50 percent of its gross national product” to the military effort as in the Second World War. “From the point of view of the economy as a whole,” NSC-68 declared,

the program [of military expansion] might not result in a real decrease in the standard of living, for the economic effects of the program might be to increase the gross national product by more than the amount being absorbed for additional military and foreign assistance purposes. One of the most significant lessons of our World War II experience was that the American economy, when it operates at a level approaching full efficiency [full capacity], can provide enormous resources for purposes other than civilian consumption while simultaneously providing a high standard of living. After allowing for price changes, personal consumption expenditures rose by almost one-fifth between 1939 and 1944, even though the economy had in the meantime increased the amount of resources going into Government use by \$60–\$65 billion (in 1939 prices).

U.S. militarism was therefore motivated first and foremost by a global geopolitical struggle, but was at the same time seen as essentially costless (even beneficial) to the U.S. economy, which could have more guns and more butter too. It was thus viewed as a win-win solution for the U.S. empire and economy.

By the time that President Eisenhower (who played a role in this military expansion) raised concerns about what he dubbed the “military-industrial complex” in his farewell address of January 17, 1961, it was already so firmly established as to constitute the permanent war economy envisioned by Charles E. Wilson. As Eisenhower’s secretary of defense, Charles Erwin Wilson—best known for having created a major flap by saying that “what is good for General Motors is good for the country”—observed in 1957, the military setup was then so built into the economy as to make it virtually irreversible. “So many Americans,” he noted, “are getting a vested interest in it: Properties, business, jobs, employment, votes, opportunities for promotion and advancement, bigger salaries for scientists and all that. . . . If you try to change suddenly you get into trouble. . . . If you shut the whole business off now, you will have the state of California in trouble because such a big percentage of the aircraft industry is in California.”

Hence, the concern that Eisenhower voiced in his farewell address about a “permanent armaments industry of vast proportions” and that “we annually spend on military security alone more than the net income of all United States corporations” was a belated recognition of what had already become an established fact. The need for the gargantuan military-industrial complex that the United States developed in these years was not so much for purposes of economic expansion directly (though military Keynesianism pointed to its stimulating effects) but due to the reality, as Baran and Sweezy emphasized, that the capitalist world order and U.S. hegemony could only be maintained “a while longer,” in the face of rising insurgencies throughout the world, through “increasingly direct and massive intervention by American armed forces.” This entire built-in military system could not be relinquished without relinquishing empire. And so from the early Cold War years to today, the United States has flexed its military power—either directly, resulting in millions of deaths (counting those who died in the Korean War, the Vietnam War, the Gulf War, the Kosovo war, the Afghanistan and Iraq wars, as well as dozens of lesser conflicts), or indirectly, as a means to intimidate.

The most important left analysts of these developments in the 1950s and '60s, Kalecki, Baran, Sweezy, and Magdoff, insisted— going against the dominant U.S. Cold War ideology—that the cause of U.S. military spending was capitalist empire, rather than the need to contain the Soviet threat. The benefits of military spending to monopoly capital, moreover, guaranteed its continuation, barring a major social upheaval. The decade and a half since the fall of the Soviet Union has confirmed the accuracy of this assessment. The euphoria of the “peace dividend” following the end of the Cold War evaporated almost immediately in the face of new imperial requirements. This was a moment of truth for U.S. capitalism, demonstrating how deeply entrenched were its military-imperial interests. By the end of the 1990s U.S. military spending, which had been falling, was on its way up again.

Today, in what has been called a “unipolar world,” U.S. military spending for purposes of empire is rapidly expanding—to the point that it rivals the entire rest of the world put together. When it is recognized that most of the other top ten military-spending nations are U.S. allies or junior partners, it makes the U.S. military ascendancy even more imposing. Only the reality of global empire (and the effects of this on the internal body politic) can explain such an overwhelming destructive power. As Atlantic correspondent Robert Kaplan proudly proclaimed in 2005: “By the turn of the twenty-first century the United States military had already appropriated the entire earth, and was ready to flood the most obscure areas of it with troops at a moment’s notice.”

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