

The Military Industrial Complex: A Capitalist System Running Amok

By [Rev. Richard Skaff](#)

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The Military Industrial Complex has solidified its ties and deeply inserted his long horns into the arteries of the American taxpayers.

Creating wars to feed the blood-thirsty and greedy beast of the military industry complex has been a common practice in an allegedly democratic nation. Taxpayers' have flipped this bill for decades under the guise of self-preservation and protection. As always government has used fear to fashion people's consent and obedience. Meanwhile, corruption is prevalent, our national debt is skyrocketing, and our parasitic superpower is broke. Parasitic it is, because you can't become super-rich or super-powerful unless you suck the blood and the life out of someone else. In this case, it is the taxpayers (the proles).

Under the guise of the Private-Public Partnership (PPP) phenomenon, the Military Industrial Complex has solidified its ties and deeply inserted his long horns into the arteries of the American taxpayers. Citizens for responsibility and ethics in Washington (CREW) has recently issued a scathing and disturbing report exposing this unethical and frightening phenomenon where high-ranking generals and admirals earn their stars, their stripes, and then, they earn their the big cash.

The CREW report found that 70 percent (or 76) of the 108 three-and-four star generals and Admirals who retired between 2009 and 2011 took jobs with defense contractors or consultants. In at least a few cases, the retirees have continued to advise the Department of Defense while on the payroll of defense contractors, suggesting the Pentagon may not always be receiving unbiased counsel.

The retired generals and admirals moving into the private sector in general do not appear to be breaking any rules. Nonetheless, their heavily traveled path through the military-industrial complex continues to raise important questions about the intersection of national security and the interests of private companies that stand to make billions of dollars. [1].

A 2010 Boston Globe investigation revealed that the number of retired three-and-four star Generals and admirals moving into lucrative defense industry jobs rose from less than 50 percent between 1994 and 1998 to a stratospheric 80 percent between 2004 and 2008, findings that brought new scrutiny to this unethical revolving door. [2], [1]

CREW's research shows the number of high-level retirees taking those jobs has since ticked down, though the vast majority of retiring generals and admirals continue to sign on with defense contractors vying for their services.

Every year, the Pentagon awards hundreds of billions of dollars in contracts to the defense

industry. [3], [1] Retired generals, with their strong relationships, robust contact lists, and insider knowledge, are valuable assets in the competition for contracts and can easily make more than their base pay – currently \$164,221 per year for a three-star general and \$179,700 for a four-star general – by serving on a single corporate board. [4], [1]

A recent study found that when a defense company announced the hiring of a former defense department political appointee, on average, the company's stock price increased. [5], [1] The relationship was statistically weak but positive, suggesting investors believe such hires bring benefits. [5], [1]

In 2011 alone, the Department of Defense committed to spending nearly \$100 billion with the five largest defense contractors – Lockheed Martin, Boeing, General Dynamics, Raytheon, and Northrop Grumman. [3], [1] At least nine of the top-level generals and admirals who retired between 2009 and 2011 took positions with those five companies. In addition, 12 generals who retired during that period have gone on to work for Burdeshaw Associates, a “renta-general” consulting firm specializing in helping companies obtain defense contracts. [2], [1]. Burdeshaw's clients have included Northrop Grumman. [2], [1]

Further, CREW found some retired generals and admirals work for defense contractors while they continue to advise the Pentagon. Per example, both Gen. James Cartwright, who retired from the U. S. Marine Corps on September 1, 2011 after serving as vice chairman of the Joint Chiefs of Staff, and Adm. Gary Roughead, who retired from the Navy in 2011 after serving as the chief of naval operations, were appointed to the Defense Policy Board on October 4, 2011. [6], [1] The board's charter mandates that it provide the secretary of defense “with independent, informed advice and opinion concerning major matters of defense policy.” [7], [1]

Gen. Cartwright, shortly after his retirement, was elected to the Raytheon Co. board of directors. [8], [1]

Raytheon, a public company that reports director compensation, disclosed paying each of its non-employee directors an \$85,000 annual cash retainer in 2011, as well as a \$1,500 meeting fee for each board or committee meeting attended in person or by teleconference.[9], [1]

In addition, directors received \$120,000 worth of restricted stock grants in 2011. [9], [1] Gen. Cartwright is also on the board of advisors of TASC, Inc., [10], [1] a former subsidiary of Northrop Grumman that advises military agencies, [11], [1] and a member of the U.S. federal advisory board of Accenture Federal Services.[12], [1].

Less than four months after his retirement, Adm. Roughead joined Northrop Grumman's board, for which he is paid \$115,000 per year. [13], [1] Northrop Grumman, a public company that reports director compensation, will also pay him an additional \$10,000 per year for serving on the board's audit committee, and he receives an annual grant of \$130,000 in deferred stock.[13], [1] Adm. Roughead also sits on the strategic advisory council of The SI Organization, [14], [1] a systems engineering and integration company previously owned by Lockheed Martin. [15], [1].

In some cases the revolving door spun quickly, with senior military officers retiring and almost immediately taking industry jobs related to their military work. The examples are numerous (see CREW report for more details about our generals). In addition, the revolving

door doesn't stop at the generals' doors but expands its horns to the lobbyists.

CREW's research shows defense companies also covet lobbyists with backgrounds in appropriations and strong connections on the Hill. CREW analyzed the employment history of in-house lobbyists registered on behalf of Lockheed Martin, Boeing, Northrop Grumman, Raytheon, and General Dynamics as of the first quarter of 2012 and found at least 68 percent had prior public sector experience. Nearly half of the 84 lobbyists had worked for Congress. In addition, 21 percent, or 18 lobbyists had worked for a federal agency. Of those lobbyists with experience on the Hill, roughly a third – 14 lobbyists – had worked for either the House or Senate Appropriations Committees, the powerful panels responsible for directing billions of dollars in government spending. There were also other connections to the appropriations committees: of the 16 lobbyists who worked directly for members of Congress, seven had worked for members of the appropriations committees. [1]

The five companies spend millions of dollars on federal lobbying every year, and receive billions of dollars in federal contracts. Lobbying records show their collective spending on lobbying increased by nearly 40 percent between 2007 and 2011, skyrocketing from \$44.6 million to \$62.3 million. Over the same period, the total amount of dollars committed to them in federal contracts increased by roughly 13 percent, growing from \$100.61 billion in fiscal year 2007 to \$113.28 billion in fiscal year 2011.[48]

The five companies spent roughly \$33 million lobbying during the first half of this year, indicating a likely overall increase for 2012 as well. As defense contractors step up the fight against planned budget cuts, well-connected lobbyists and senior military personnel are likely to become even more valuable. [1]

Boeing

- Registered lobbyists as of first quarter 2012: 25
- Revolving door lobbyists: 21
- Amount spent on lobbying since 2007: \$86.93 million
- Campaign contributions since 2008 cycle: \$7.58 million [2]
- Top congressional recipients of campaign contributions during the 2012 election cycle:
 - Rep. Buck McKeon (R-CA), Rep. Ron Paul (R-TX), Sen. Maria Cantwell (D-WA)
- Total dollars obligated to Boeing for Defense Department contracts in 2011: \$20.49 billion. [1]

General Dynamics

- Registered lobbyists as of first quarter of 2012: 10
- Revolving door lobbyists: 2
- Amount spent on lobbying since 2007: \$53.08 million
- Campaign contributions since 2008 cycle: \$4.79 million [2]
- Top congressional recipients of campaign contributions during the 2012 election cycle: Rep.
- Buck McKeon (R-CA), Sen. Scott Brown (R-MA), Rep. Jim Langevin (D-RI)
- Total dollars obligated to General Dynamics for Defense Department contracts in 2011:
- \$17.98 billion. [1]

Lockheed Martin

- Registered lobbyists as of first quarter 2012: 26
- Revolving door lobbyists: 18
- Amount spent on lobbying since 2007: \$74.23 million
- Campaign contributions since 2008 cycle: \$ 8.03 million [2]
- Top congressional recipients of campaign contributions during the 2012 election cycle: Rep.
- Buck McKeon (R-CA), Rep. Kay Granger (R-TX), Sen. Bill Nelson (D-FL)
- Total dollars obligated to Lockheed Martin for Defense Department contracts in 2011:
- \$35.76 billion. [1]

Northrop Grumman

- Registered lobbyists as of first quarter 2012: 10
- Revolving door lobbyists: 7
- Amount spent on lobbying since 2007: \$83.85 million
- Campaign contributions since 2008 cycle: \$6.19 million [2]
- Top congressional recipients of campaign contributions during the 2012 election cycle: Rep.
- Buck McKeon (R-CA), Rep. John Boehner (R-OH), Rep. Dutch Ruppersberger (D-MD)
- Total dollars obligated to Northrop Grumman for Defense Department contracts in 2011:
- \$11.88 billion. [1]

Raytheon

- Registered lobbyists as of first quarter 2012: 13
- Revolving door lobbyists: 9
- Amount spent on lobbying since 2007: \$36.84 million
- Campaign contributions since 2008 cycle: \$5.85 million [2]
- Top congressional recipients of campaign contributions during the 2012 election cycle: Sen.
- Scott Brown (R-MA), Rep. Buck McKeon (R-CA), Rep. Jim Langevin (D-RI)
- Total dollars obligated to Raytheon for Defense Department contracts in 2011: \$13.57
- Billion. [1]

Conclusion

Finally, The CREW report titled “Strategic maneuvers, the Revolving Door from the Pentagon to the Private Sector” is a stunning report of immense importance because it clearly exposes a capitalist system that has gone awry. The Defense Industry as well as other global corporations have co-opted and owned everyone in the Federal government under the guise of Public-Private Partnership. All of the watchdogs have been transformed into lap-dogs and sacrificed their integrity and country for few dollars and for ephemeral power. Meanwhile, the public continues its unconscious path by empowering the ten horned beast that has devoured everyone in its path.

The final solution would be to kill this beast by ceasing the cash nexus that perpetuates its strength, and to dethrone the harlot (our public leaders and elected officials) who is riding him and driving the American people and the nation into the abyss.

Notes

1. <http://www.citizensforethics.org/generals>
2. Bryan bender, From the pentagon to the private sector, Boston Globe, December 26, 2010
3. Center for Strategic and International studies, U.S. Department of Defense Contract Spending and the Supporting Industrial Base, September 2012.
4. <http://militarypay.defense.gov/PAY/BASIC/docs/Active%20Duty%20Tables/2012%20basic%20pay%20tab;e%20-%20Active%20uncapped.pdf>
5. Simon Luechinger and Christopher Moser, The value of the revolving Door: Political Appointees and the Stock market, KOF Working papers No. 310, August 2012, available at <http://papers.ssm.com/sol13/papers/cfm? Abstract id=2147674>
6. Press Release, department of defense, DoD Announces New Defense PolicyBoard Members, October 4, 2011.
7. André Velroy and Daniel Politi, Advisors of Influence: Nine Members Of The Defense Policy Board Have Ties to Defense Contractors, Center for Public Integrity, March 28, 2003.
8. Press Release, Raytheon Co., James E. Cartwright Elected to Raytheon Board of Directors, January 27, 2012.
9. Raytheon Co., Proxy Statement for 2012 Annual Meeting of Shareholders, April 27, 2012, p. 16.
10. Press Release, TASC, Inc., TASC, Inc. Names Gen. James Cartwright to Board of Advisors, November 29, 2011.
11. Peter Lattman and Jeffrey McCracken, Northrop to Sell TASC Unit for \$1.65 Billion, Wall Street Journal, November 9, 2009.
12. Press Release, Accenture Federal Services, Accenture Announces Advisory Board for U.S. Federal Business, February 7, 2012.
13. Press Release, Northrop Grumman, Former U.S. Navy Chief of Naval Operations Gary Roughead Joins Northrop Grumman Board of Directors, February 16, 2012; Northrop Grumman Corp., 8-K Report, February 17, 2012.
14. Press Release, The SI Organization, Inc., The SI Names Admiral Gary Roughead To Strategic Advisory Council, January 4, 2012.
15. <http://www.thesiorg.com/about-us/legacy>.

Rev. Richard Skaff is author of the Terrorism Industrial Complex

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