

I. International Drive for Ceasefire

It's Time To Turn the Military-Industrial Complex into Peace Production

by Dennis Small

This is an edited transcript of remarks delivered during the Dec. 14 International Peace Coalition meeting. Dennis Small reports on the development of a fact sheet for mass-circulation into today's growing international peace movement.

A taskforce from the Schiller Institute has been working on a fact sheet for how to turn today's military-industrial complex into instead a massive force for productive development for peace. I want to give you some highlights of what we've put together at this point, although we will need further help and research to bring this together in greater detail.

For starters, I think the main point I would like to propose is that this should not be referred to as the "military-industrial complex." This is a *military-financial complex*. It is run by Wall Street and I will prove that to you momentarily. The beneficiaries are Wall Street, the policies are Wall Street, and of course the City of London.

From Eisenhower on we've had an apparatus which: a) is the mechanism used to enforce a unipolar, Malthusian world order on the planet; or has tried to do that with endless genocidal wars. And b) is an incredible profit machine which basically is picking the pockets of American citizens to the tune of nearly \$1 trillion a year in the military budget, which goes mainly to the six largest military procurement companies—the defense contractors—

and from there into the pockets of Wall Street. That's what this thing actually is.

We are talking about a budget for fiscal year 2024 for the United States of \$886 billion. With these funds—close to \$1 trillion a year—you could have massive reconstruction of American infrastructure which is so needed. We could build a 42,000 mile network of electrified, high-speed rail lines, as Lyndon LaRouche has long proposed. We could build NAWAPA [the North American Water and Power Alliance]; we could build

schools; we could build hospitals. And we could do the same in other countries around the world in the Global South, which is so urgently necessary. Wall Street wouldn't like it, but it's very interesting that these defense contractors themselves are a repository of the skilled labor force—scientists and engineers—as well as the capital goods that are actually required for this reconstruction.

What we're looking at is the need to "beat swords back into plowshares." We don't want to throw out the baby with the bath water; we definitely want to throw out the bath water. But the

baby here which must be preserved and developed is those skilled capabilities, that capital goods sector, and so on. For example, in the case of the largest defense contractor, Lockheed Martin, half of their workforce is engineers and scientists. They have to be repurposed; they have to be re-employed; that whole company has to be turned into a modern construction capability.



EIRNS/Stuart Lewis

The policies driving military procurement and production come from Wall Street, and it is Wall Street that benefits from that military-industrial complex. Shown: the New York Stock Exchange, ironically in the presence of George Washington.

The Current Distribution

Now, let me just go through a little bit on this in terms of the six largest defense contractors, and give a quick idea of the systems they produce. Then, I will move into the other aspects—the financial control and the reconstruction.

Of the six biggest defense contractors in the United States, *Lockheed Martin* is the biggest, with \$59.4 billion in arms revenue in 2022, provided largely by the U.S. government. Lockheed Martin produces the F-35 stealth fighter, which is an incredible project with a million technical difficulties, but whose entire project will ultimately cost over \$1.7 trillion to buy, operate, and sustain those aircraft. That evaluation comes from the U.S. General Accounting Office; that's not something we cooked up and estimated, that's from the GAO itself. The price per unit is over \$100 million.

Imagine what you could do with those resources. One of the purposes of the F-35 as a modern stealth fighter, is to drop nuclear bombs onto targets, should that be decided by the ruling establishment. This is a nuclear warfare capability. Lockheed Martin also produces the F-16 fighter jet. The F-16s are currently being used heavily along with F-15s in the Israeli Air Force.

Raytheon is number two; they produce Tomahawk cruise missiles and the Aegis combat system, which is extremely important on the nuclear defense issue, and the THAAD anti-missile system. They produce interceptor missiles for Israel's Iron Dome; Patriot missiles, and so on.

Number three is *Northrop Grumman*. They produce the B-21 stealth bomber, which is also principally a delivery system for nuclear bombs for the proposed nuclear warfare against Russia and China. That's very important, because that too is a major capability that can and should be retooled, because Northrop Grumman has great capabilities in areas other than in the military-industrial complex.

Number four is *Boeing*. They make Apache attack helicopters, and the F-15 fighter jets which are being heavily used in Gaza and elsewhere. Five is *General Dynamics*. Six is *L3Harris Technology*; they produce



Luke Air Force Base Courtesy Photo

Lockheed Martin's F-35 stealth fighter jets come with a million technical difficulties and an ultimate fleet cost to taxpayers of over \$1.7 trillion to build, operate, and maintain.

command and control, communications systems, avionics, and so on.

As a side note, it is an open question as to what use can be made of the AI systems currently being used in places like Israel to multiply target generation by orders of magnitude. This is an important new component that warrants further consideration.

What we're talking about here also is a revolving door, as everybody knows. People go from the defense sector to the government and back to the defense sector,

and so on, picking up a cool couple of million bucks here and there along the way. The best known case is the current Secretary of Defense, Lloyd Austin, who was most recently on the Board of Directors for Raytheon. There are many examples of that. But there's something more important than simply this kind of revolving door. That's kind of the lower level of the control here. Where the monkey really sleeps is on the financial control apparatus.



DoD

Lloyd Austin, Secretary of Defense, an example of the lucrative revolving door among the military, government, and military contractors.

The Financial Aspect

Now go back to the top contractors, with Lockheed Martin being the first. The number one stockholder in Lockheed Martin is State Street Corporation. State Street owns 15% of Lockheed Martin stock. Number two is BlackRock; you've heard of them. BlackRock is

the number one asset management company in the United States.

The second largest contractor is Raytheon. It's top stockholders are Vanguard, which is the number two asset management company, and Capital Group, which is the fourth. Northrop Grumman—State Street and Capital Group. Boeing—Vanguard and State Street. General Dynamics—Longview Asset Management and Vanguard. L3Harris Technologies—BlackRock and Vanguard.

Are you getting the picture here? The top defense contractors, with their close to \$1 trillion defense budget in the United States, are owned by the major Wall Street and City of London asset management companies. The assets under management by these four major companies is close to \$23 trillion. In the case of Lockheed Martin, if you take the three largest stockholders—the third one being Vanguard—they own, among the three of them, 38% of all the stock of Lockheed Martin. Lockheed Martin is immensely profitable. Why? Because they're a defense contractor, and your pocket is being picked through this procurement procedure to make companies like Lockheed Martin immensely profitable, and then the stockholders benefit. Are the people of the United States benefitting? Come on; give me a break. It's the major asset management companies.

So, this is the control process here; that's why I strongly recommend that we talk henceforth about the military-financial complex.

Opportunities and Importance of Retooling

While there's much more to say on the question of retooling, let me just say one or two brief things about it. The capabilities involved in this are enormous. The combined annual revenue of the top six companies just last year was \$214 billion. The cost of a 120-bed hospital is \$300 million. The cost of a new school is \$45 million. Now, we don't want to just spend that money on a bunch of hospitals and schools, because you wouldn't have the personnel. You wouldn't have the capabilities you need in infrastructure. But it gives you an idea of the order of magnitude here.

Ukraine, if the newest part of the Biden budget is approved, will have gotten \$66.6 billion from the United States. Do the math: you could construct 1,480 schools with that in this country and abroad. So, what you've

Major Stockholders in the Top 6 Military Contractors

COMPANY	#1 STOCKHOLDER	#2 STOCKHOLDER
1) Lockheed-Martin	State Street Corp.	BlackRock
2) Raytheon	Vanguard Group	Capital Group
3) Northrop Grumman	State Street Corp.	Capital Group
4) Boeing	Vanguard Group	State Street Corp.
5) General Dynamics	Longview Asset Mgt.	Vanguard Group
6) L3Harris Technologies	BlackRock	Vanguard Group

Assets Under Management (2023)

BlackRock (#1)	\$9.1 trillion
Vanguard Group (#2)	\$7.6 trillion
State Street Corp. (#4)	\$3.6 trillion
Capital Group (#10)	\$2.3 trillion
TOTAL	\$22.6 TRILLION

really got is a tremendous capability—both financially, but more importantly in terms of the skill levels and capital goods capabilities that can and should be developed.

In the upcoming fact sheet we'll be presenting, we'll go through examples of this. I'll just mention two. The case of General Electric: they now produce engines for the fighter planes and bombers. The most astonishing is a \$970 million contract that they have for "next-generation" engines for the F-35A and F-35C nuclear-capable fighter bombers. And yet, GE also is capable of and is currently producing small modular nuclear reactors which can be built in a period of 24-36 months. This is exactly what you need for the Oasis Plan in Israel; it's what's needed in many countries around the world.

Similarly, take the case of Northrop Grumman, which has the contract for the B-21 bomber, costing—as best as anyone knows—about \$800 million per plane. Well, Northrop Grumman is also producing the HALO module for the Lunar Gateway project for space exploration, which costs about the same order of magnitude.

So, we are at the point where we have to beat swords into high-tech plowshares. We have to repurpose the entire military-financial complex budget into productive activities. This will serve the purpose of ending wars in two ways: Stopping the funding; and creating a development potential, which is the only way to ensure lasting peace.