

The Military-Industrial Complex

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by [Mises Media](#), [Mises Institute](#)

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Shortly after becoming president, Dwight Eisenhower claimed that “every gun made, every warship launched, every rocket fired, signifies theft from those who hunger and are not fed, are cold and not clothed.”

Eight years later, Eisenhower warned Americans to “guard against the acquisition of unwarranted influence by the military-industrial complex,” which he defined as the “conjunction of an immense military establishment and a large arms industry.”

In the 1930s, Smedley Butler explained how the military subsidized private companies, but it wasn't until the Second World War, Eisenhower noted, that America developed “a permanent armaments industry of vast proportions.”

So how did this come about?

After Germany invaded Poland, President Franklin Roosevelt convinced Congress to approve his cash-and-carry program to sell arms to France and Britain. The following year, he replaced cash and carry with Lend-Lease, which “loaned” weapons to cash-strapped allies. Lend-Lease established the precedent of American subsidization of foreign armies.

Upon joining the war in 1941, the US government urged patriots to enlist in the “battle for production.” Propaganda reminded

Americans that “production wins wars,” and heroic images of factory workers likened weapons manufacturing to military service.

FDR’s wartime policies mirrored his earlier New Deal, based on the ideas of economist John Maynard Keynes. During recessions, Keynes believed, governments should stimulate demand by printing money to spend on public works. FDR applied this formula to his New Deal programs, but after nine years, the economy remained in shambles.

The war allowed FDR to shift to what’s known as military Keynesianism. Because inflationary military spending artificially boosts GDP (gross domestic product) and military enlistment reduces unemployment, military Keynesianism produced the wartime prosperity myth. Many people believe the war ended the Great Depression, despite the country’s facing shortages of basic goods, such as sugar and butter.

Eisenhower understood the problem. “The cost of one modern heavy bomber,” he said, could pay for thirty schools, two power plants, two hospitals, fifty miles of highway, or half a million bushels of wheat. But the arms industry had become a fixture of the American economy. In an early draft of his farewell address, Eisenhower described this as the “military-industrial-congressional complex.”

Political scientists call this the iron triangle of connected interests. Congress passes legislation to benefit an interest group—military contractors—in return for political support. The interest group lobbies Congress on behalf of a bureaucracy—the military establishment—in exchange for special treatment. And the bureaucracy received significant increases in its own funding to administer federal policy. This dynamic has resulted in annual military expenditures of \$800 billion—that’s more than the next nine largest military budgets combined.

The military-industrial complex made America the de facto arms dealer for the world, and the US military presence grew to having seven hundred military bases across eighty countries. The military-industrial complex also allowed America to fight a new kind of war by funneling weapons to foreign soldiers to fight what are known as proxy wars.

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