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Things should be made as simple as possible, but not any simpler

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Finance-Military Complex

Capitalism in its stage of imperialism is specified by the domination of finance capital. Banks, insurance companies and other financial institutions not only squeeze and absorb smaller ones of their own kind, but also get control and subordinate all kinds of industrial enterprises, direct their lines of production towards more profitable manufactures, and it is not surprising that arm making companies are the cream of the crop.

According to the Forbes Magazine's ranking of 2007, the first five largest corporations of all times are not industrial but financial institutions such as:

1. Citigroup (U. S. bank), with approximate assets of \$ 1.9 trillion.
2. HSBC Holdings (U.K. bank), with approximate assets of \$ 1.6 trillion.
3. Bank of America (U.S. bank), with approximate assets of \$ 1.46 trillion.

4. GP Morgan Chase (U.S. bank), with approximate assets of \$ 1.36 trillion.
5. American International Group, AIG (U.S. giant mortgage lender), with approximate assets of \$ 980 billion.

And due to the same source, the big five arm making companies are:

1. Boeing, with approximate assets of \$ 52 billion.
2. Northrop Grumman, with approximate assets of \$ 32 billion.
3. Lockheed Martin, with approximate assets of \$ 28.2 billion.
4. Raytheon, with approximate assets of \$25.2 billion.
5. General Dynamics, with approximate assets of \$ 22.3 billion.

As we see the first five largest financial corporations are in average 40 times bigger than the first big five arm making companies.

Banks, assert their influence over industry by providing them lines of credit which are necessary to domestic and foreign manufactures such as military sales. In the case of military sales, different governments have to pay in advance in the banks to guarantee the safety of deals. Rating agencies expect corporations to provide significant pledge bank lines of credit, and consider it when evaluating a corporation's risk profile. Good credit ratings results in a lower interest rate for an industrial company when it borrows money from a financial institution. Financial institutions also advise treasury departments of industrial companies on how to make their balance sheets most effectively, how to invest their cash, and provide them knowledge on acquisitions, mergers, divestments, joint ventures, hedge foreign exchange risk, and facilitate access to capital markets when a corporation wants to issue stocks and bonds. Banks also manage their pension plan assets and eventually all financing necessary to complete companies' projects. It is evident that these services are not free.

The largest of all arm making companies Boeing, not only makes airplanes, military aircrafts, defence missile systems, space and communication services, but thanks to its sponsoring banks is able to provide customer and commercial financing too. More than 30 banks in North America, Europe and Asia-Pacific region gave their services to Boeing.

Northrop Grumman, which is a global defence and technology corporation, is financed by the Bank of America, JP Morgan Chase, Deutsche Bank (ranks 27), Credit Suisse First Boston (ranks 31), Lehman Bros Holding (ranks 83) and others.

Lockheed Martin, thanks to its more influential governmental connections, is the world's number one defence contractor, makes F-16 and other kinds of fighter jets, Patriot missiles, satellites and an array of governments systems. One of the guarantors and collateral agents of Lockheed Martin is, JP Morgan Chase which provides security or guarantee of its assets throughout the world.

Raytheon Company, another global arm manufacturer is mostly helped by the Citigroup, Bank of America, Credit Suisse First Boston, and JP Morgan Chase.

General Dynamics, which makes Stryker combat vehicles, Abrams tanks and recently MRAPs (Mine Resistant Ambush Protected) armoured vehicles, gets its services mostly from the Bank of America and JP Morgan Chase.

The average price of different fighter jets in the market is about \$ 80 million. For instance the price of an F-35 (JSF) made by Lockheed Martin is about \$ 50 million. The price of a Stryker combat vehicle is about \$ 2 million. The price of an Abrams tank is about \$ 4.3 million. The price of a MRAP is about \$2 million and finally the price of a Patriot missile is about \$ 2 million.

That is why for instance, Lockheed Martin, "Reports a greater than expected 34 percent rise in second-quarter profit, helped by higher revenue from its combat aircrafts and electronic systems units and lower pension plan." (July, 24, 2007, International Business Times.) Full year revenue on average will be \$ 41.1 billion, thanks to the wars on Afghanistan, Iraq and tension in the world. And as Washington Post wrote about another arm making

company, the “General Dynamics finds profit on the battle fields.” (July 20, 2006)

General Smedley Butler (1881- 1940), the most decorated marine in the U. S. history, once wrote in, War is a Rocket: “The normal profits of a business concern in the U. S. are six, eight, ten and sometimes twelve percent. But war time profits- ah! That is another matter, twenty, sixty, one hundred and even eighteen hundred percent. When a company changes its civilian production to military production, their profits skyrocket.”

Other than wars, terrorism also brings high profits to these giants. To take as an example, we read in the news that, Lockheed Martin – the main sponsor of 1973, coup d’état in Chile – was selected by the center of Disease Control and Prevention (CDC) to continue providing support to the Agency Coordinating Office for Terrorism Preparedness and Emergency Response (ACOTPER). This is a single award, five years contract, with an estimated program value of \$ 135 million.

Closer to the war on Iraq, Halliburton (ranks 291) with an asset of \$ 16.82 billion, is involved in oil and gas exploration-production and reconstruction of that country after occupation. Halliburton has strong ties to the Saudi Royal Family and is sponsored by JP Morgan Chase, HSBC Bank USA, Royal Bank of Scotland and Citigroup as its Administrative Agent. Citigroup managed Saudi-American Bank (SAMBA) until 2003, and covertly controls it after the invasion of Iraq. Current prime minister of Pakistan, Shaukat Aziz – appointed by General Musharraf – was the managing director of SAMBA in the 90s. Both rulers of Saudi Arabia and Pakistan collect profits from the war in Iraq.

Shaw Group is providing piping systems, engineering and construction services in colonized Iraq. This combined international company is sponsored by the Bank of America, JP Morgan Chase, Royal Bank of Canada (rank 77) and Nova Scotia Bank, Canada (rank 127).

Bechtel is another engineering and construction giant acting in Iraq, and is sponsored mostly by the Bank of America and the Export-Import Bank. This company had and has strong ties with different US administrations – both republicans and democrats – and also with the Saudi Royal Family. Riley Bechtel, its main owner was appointed by G. W. Bush as his adviser.

To prepare different levels of government and the public for the wars – in Afghanistan and Iraq – these giant internationals use think-tanks like the Council on Foreign Relations, and pay it enormous amount of money. And so happens that officials are bribed and the public is bombarded with lies and falsification through the media.

For strengthening the conjunction of governments, finance capital and the arm industry, and to exchange the experiments and tricks between themselves, high ranking officials, administrators and executives are passed up and down continuously from banks to governments and to companies and vice versa. For instance, two of major Bechtel executives served as Secretary of State and Secretary of Defence in Reagan Administration. George Schultz, former Secretary of State and former Bechtel president was a strong supporter of war against Iraq and so was Dick Cheney who left Halliburton to serve as vice president in G. W. Bush’s Administration. As another example, on February 26, 2001, Northrop announced that Lewis W. Coleman, ex-chairman of the Bank of America Securities L.L.C, became a member of its board of directors.

And to emphasize how finance capital controls a government, here we have to mention that financial giants like Citigroup – who’s early major bulk of assets came from the plunderage of Haitian Central Bank in the turn of the 20th Century – JP Morgan Chase and HSBC Holdings, control the Federal Reserve Bank of America through their stockholdings of the banks’ stocks.

While ordinary people’s lives are strained by all kinds of taxes, companies especially the giant ones receive big tax breaks. Corruption becomes rampant in all fields and in all levels of the society. For example in the international arms trade, roughly \$ 2.5 billion a year is paid as bribe. Finance capital opens new markets by big bribes, if not by brutal force.

Recently the U.S. government announced that it will allow selling of about \$ 60 billion arms to Israel, Egypt, Saudi Arabia and other Persian Gulf states with the pretext of the Iranian treat, (ABC News, July 29, 2007). In the same day the U.S. ambassador to the U.N has accused Saudi Arabia and other U. S. allies in the region, of undermining efforts to curb violence in Iraq. In other words, what is important for the big money is more and more profits from sweet arms trade, no matter the bitter lives of millions of Iraqis and thousands of Americans caught in the quagmire of the Iraq war.

Hereby the question is, where are these moneys coming from? The answer is – except in the case of Israel – these moneys are coming from the cheap selling of natural resources of backwarded countries and by borrowing with high interest rates from the same international banks, which could never be paid back due to the interests over interests over interests. And on the subject of the U. S. government’s budget, it is the tax payer’s money that instead of being used for the well being of the people is served to feed the big mouth of greedy war-profiteers. About 41 percent of the U.S. government annual budget or more than \$ 650 billion goes to wars.

The conjunction between finance capital, governments, and arm industry has huge impact in all aspects of human society and nature. It drives societies by its animal instinct. It destroys a country and lends money to rebuild it, again destroy it and rebuild it – even on paper – only to gain profit after profit, in multi-dimensional bargains, and most importantly through increasing their stock holding shares by manipulating supply and demand of a particular commodity like oil.

Once more in the case of Iraq, “Iraq ministers will now be able to borrow billions of dollars to buy much – needed equipments from overseas suppliers, but only by mortgaging the national oil revenues through a bank managed by New York based multinational JP Morgan Chase. (CorpWatch, Feb. 4, 2004)

To come to the conclusion, conjunction between finance capital, governments and arm industry is best described under the name Finance-Military Complex. The term Military-Industrial Complex does not reflect the whole aspects of this all trade alliance, because the industry itself is controlled by the finance capital.

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