Corporate Power and Expansive U.S. Military Policy
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Article citation:
Gaffney, Mason. "Corporate Power and Expansive U.S. Military Policy." *The American Journal of Economics and Sociology*, vol. 77, no. 2, 2018, pp. 331–417, https://doi.org/10.1111/ajes.12222.

Abstract supplied by Wiley Publishing: Military defense is generally treated in economics texts as a “public good” because the benefits are presumed to be shared by all citizens. However, defense spending by the United States cannot legitimately be classified as a public good, since the primary purpose of those expenditures has been to project power in support of private business interests. Throughout the course of the 20th century, U.S. military spending has been largely devoted to protecting the overseas assets of multinational corporations that are based in the United States or allied nations. Companies extracting oil, mineral ores, timber, and other raw materials are the primary beneficiaries. The U.S. military provides its services by supporting compliant political leaders in developing countries and by punishing or deposing regimes that threaten the interests of U.S.-based corporations. The companies involved in this process generally have invested only a small amount of their own capital. Instead, the value of their overseas assets largely derives from the appreciation of oil and other raw materials in situ. Companies bought resource-rich lands cheaply, as early as the 1930s or 1940s, and then waited for decades to develop them. In order to make a profit on this long-range strategy, they formed cartels to limit global supply and relied on the U.S. military to help them maintain secure title over a period of decades. Those operations have required suppressing democratic impulses in dozens of nations. The global “sprawl” of extractive companies has been the catalyst of U.S. foreign policy for the past century. The U.S. Department of Defense provides a giant subsidy to companies operating overseas, and the cost is borne by the taxpayers of the United States, not by the corporate beneficiaries. Defining military spending as a “public good” has been a mistake with global ramifications, leading to patriotic support for imperialist behavior.