



The Pentagon Press Briefing Room, Washington, D.C. Photo taken on April 2020. Source: Lisa Ferdinando/DVIDS

A BREAKDOWN OF PROFITS

The reaction to the 9/11 attacks created a political climate that opened the floodgates to massive increases in Pentagon spending with few questions asked.¹ Since the start of the war in Afghanistan, Pentagon spending has totaled over \$14 trillion, one-half or more of which went to defense contractors.² After the 9/11 attacks, the Pentagon budget increased year after year for 10 years running, peaking in 2010 at the highest level since World War II—over \$800 billion in 2021 dollars (see Figure 1).³

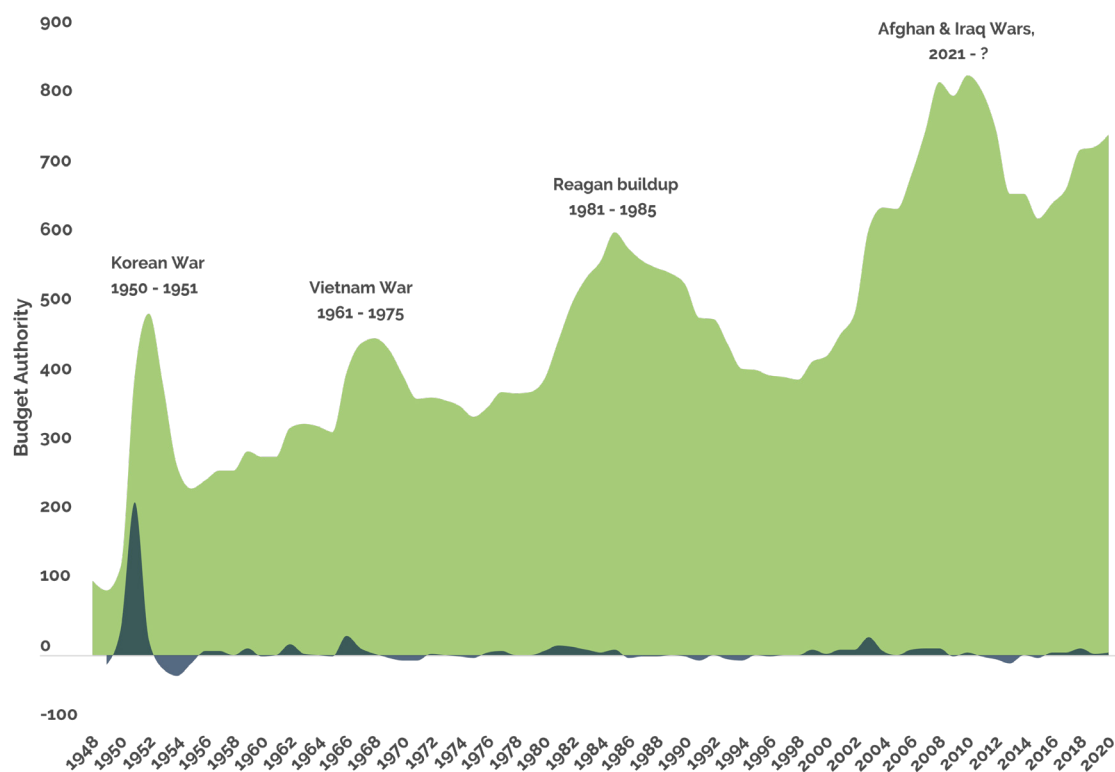
The top contractors alone - Lockheed Martin, Boeing, General Dynamics, Raytheon, and Northrop Grumman have received over \$2.1 trillion in Pentagon contracts from Fiscal

1 This fact sheet is adapted from a recent report by William D. Hartung, issued by the Brown University Costs of War Project and the Center for International Policy, "Profits of War: Corporate Beneficiaries of the Post-9/11 Pentagon Spending Surge," September 13, 2021, https://watson.brown.edu/costsofwar/files/cow/imce/papers/2021/Profits%20of%20War_Hartung_Costs%20of%20War_Sept%2013%2C%202021.pdf

2 Calculation based on figures from "National Defense Budget Estimates for FY 2021," (2020). U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/FY21_Green_Book.pdf; "Defense Primer: Department of Defense Contractors." (2021). Congressional Research Service. <https://crsreports.congress.gov/product/pdf/IF/IF10600>

3 U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller). (2020, April). National Defense Budget Estimates for FY 2021. https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/FY21_Green_Book.pdf

FIGURE 1: THE PENTAGON BUDGET FROM 1948-2020 IN BILLIONS OF 2021 USD



Year 2001 to Fiscal Year 2020, in inflation-adjusted, 2021 dollars.⁴ These five companies received over \$286 billion in contracts in Fiscal Year 2019 and Fiscal Year 2020 alone (see Figure 2).⁵ To put these figures in perspective, the \$75 billion in Pentagon contracts received by Lockheed Martin in FY 2020 is well over one and one-half times the entire budget for the State Department and Agency for International Development for that year, which totaled \$44 billion.⁶

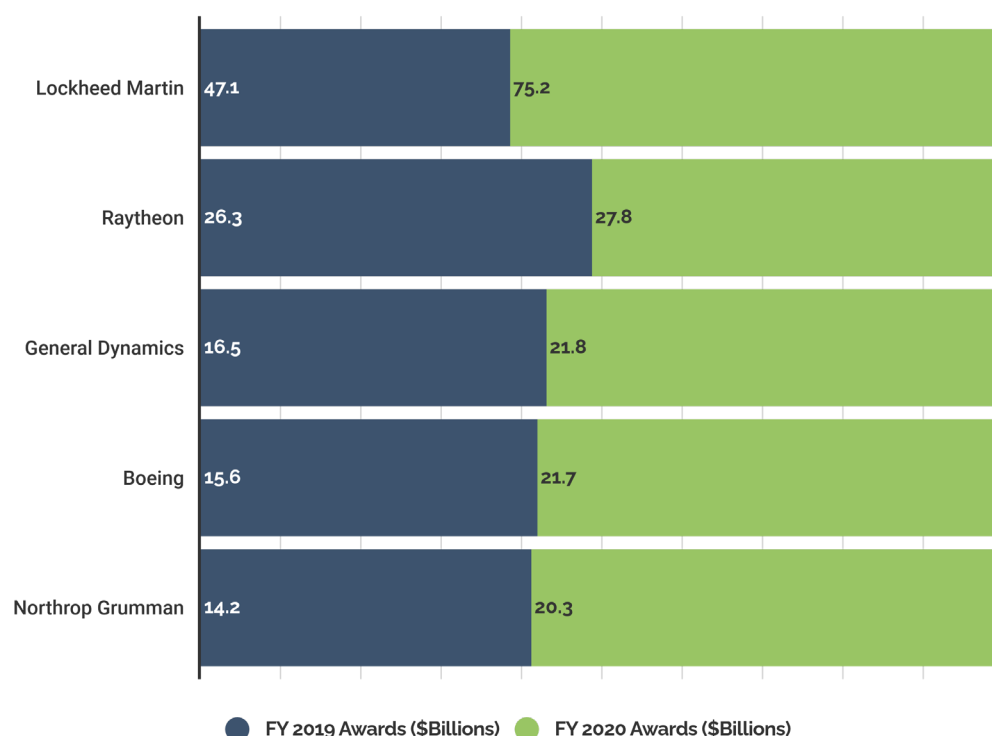
Companies profit from a war economy in at least three ways: logistics and reconstruction, private security contracting, and supplying weapons. The top five firm engaged in training of Afghan security forces, produced bombs and missiles used in the air war in Iraq and Afghanistan, built armored vehicles and helicopters employed in the conflict, and more. But the biggest beneficiaries of war spending – and the

4. Stephen Semler, "Over Half of Pentagon Spending Since FY 2001 Went to the Private Sector," Speaking Security newsletter, September 20, 2021, <https://stephensemmler.substack.com/p/over-half-of-pentagon-spending-since>.

5. Federal Procurement Data System. "Top 100 Contractors Reports," <https://sam.gov/reports/awards/static>.

6 U.S. Department of State. "Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs, Fiscal Year 2021," <https://www.state.gov/wp-content/uploads/2020/02/FY-2021-CBJ-Final.pdf>.

FIGURE 2: PENTAGON PRIME CONTRACTS ISSUED TO THE TOP FIVE WEAPONS CONTRACTORS FISCAL YEAR 2019 AND FISCAL YEAR 2020 (IN \$BILLIONS)



greatest source of fraud and price gouging – were reconstruction contractors like Halliburton’s Kellogg, Brown, and Root (KBR) division. The use of private security forces through companies like Blackwater also reduced transparency and accountability for what happens in war zones. Ultimately, the Commission on Wartime Contracting in Iraq and Afghanistan estimated that waste, fraud and abuse in the two war zones as of 2011 had totaled \$31 billion to \$60 billion⁷.

As the U.S. has reduced the size of its military footprint in Iraq and Afghanistan, exaggerated estimates of the military challenges posed by China have become the new rationale for keeping the Pentagon budget at historically high levels. The renewed focus on China underscores the point that the end of the Afghan war will not in and of itself change the U.S. policy of global military reach.

⁷ Commission on Wartime Contracting in Iraq and Afghanistan. (2011). “Transforming Wartime Contracting: Controlling Costs, Reducing Risks,” <https://cybercemetery.unt.edu/archive/cwc/20110929213815/http://www.wartimecontracting.gov/>

RECOMMENDATIONS

This paper recommends three initiatives to rein in excess profits of companies seeking to maximize margins from war and hold private firms accountable:

- Reduce Pentagon spending to reflect a more realistic defense strategy that elevates the role of diplomacy and reduces direct and indirect foreign military intervention.
- Strengthen acquisition laws to empower inspectors general, auditors, and contracting officers to curb excess contracts and require greater transparency in Pentagon spending.
- Enact revolving door reforms to require more time between government service and employment in the arms industry, close loopholes in existing laws, and get more detailed reporting on revolving door employment.

Reducing the profits of war ultimately depends on reducing the resort to war in the first place. Likewise, making war less profitable decreases the incentive to go to war. Given the immense financial and human costs of America's post-9/11 wars—and the negative security consequences generated by many of these conflicts—adopting a new, less militarized foreign policy should be a central goal of the public and policy makers alike.