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Multinational Corporations, Corrupt Dictators, and U.S. Military Power

by Mason Gaffney

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By Clifford W. Cobb

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Conclusion

Defense is not a “public good”. The benefits are unevenly received. Particular groups who benefit heavily are resource owners in the overseas area we police. These include caciques, European and Japanese firms, and U.S.-based multinationals.

U.S. force is especially important to resource owners, because their prime concerns are tenure, taxes, and avoiding competition, matters in the domain of politics. “Aggressive imperialism, which costs the taxpayer so dear, which is of so little value to the manufacturer and trader, is a source of great gain to the investor” (Hobson, 59-60, quoted in Lenin, 120).

U.S. multinationals have acquired huge assets overseas. The sources of the assets are not so much capital flows from the United States as they are plow-backs, appropriation, and appreciation. Ownership of these assets is more concentrated than that of domestic assets, high as the latter is. The assets are heavily concentrated in resources. The owners benefit from U.S. force because it firms up and protects precarious tenures and helps appropriate loosely held or unfenced resources. Private appropriators often lead the flag, securing bargains for themselves but imposing great costs on the public in the form of contingent military liabilities. These have grown so large as to prejudice national solvency and lead us into dangerous confrontations.

U.S. force is also deployed in the interests of cartels whose customers include U.S. consumers and the military itself. Recoupment of the military subsidy through taxation of beneficiaries is nil. On the contrary, overseas investments enjoy tax treatment so favorable as to constitute an additional subsidy.

Labor as such does not gain from military spending. Offshore U.S. industry is capital-using, not labor-using. Access to cheap foreign minerals is not of great benefit to U.S. labor. The frontier safety-valve analogy does not apply to our present mercantilistic stance. The Marx-Lenin doctrine of imperialism based on underconsumption is belied by inflation in the United States.

As for direct military employment, the military enterprise absorbs more capital than labor because of the lag between expense and recovery. It is a social investment of deferred payout, requiring long-term financing. It sucks capital away from domestic uses of quicker payout and therefore of higher complementarity to labor.

Consumers do not benefit from the foreign trade created by *Pax Americana*. That trade is more distorted than facilitated by military pressures. Instead, consumers suffer from inflation caused by wasteful use of capital overseas and from high taxes to subsidize that waste.

Military contractors do gain. The gain is not macro-economic and general, but redistributive. Losses are diffused and hard to pinpoint, hence, under-appreciated. Gains are concentrated in a few hands, contractors being larger than the average firm. Waste and corruption abound.

For most Americans, the benefits of military spending are to be found in reducing it and reshaping it so as to diffuse the gains, promote national and world security, and indeed justify calling it a "public good". Perhaps we can yet learn, as the British did not, from their Nobel laureate's

"Recessional":

"Far-called our navies melt away

On dune and headland sinks the fire

Lo-all our pomp of yesterday

Is one with Nineveh and Tyre.

Judge of the Nations, spare us yet

Lest we forget-lest we forget.

-Rudyard Kipling