

# Unsustainable war machine: U.S. imperialism in crisis

written by Gary Wilson

February 25, 2024



[General Smedley Butler](#) said, “War is a racket.” Wikipedia explains that he was referring to the war profiteers and the “imperialist motivations for U.S. foreign policy and wars.”

A [Guardian headline](#) on Feb. 18 declared: “World’s largest oil companies have made \$281bn profit since invasion of Ukraine.” Below the headline was the teaser: “Global Witness says the five ‘super-majors’ are the ‘main winners of the war’ while many struggle to heat their homes.”

A [Wall Street Journal headline](#) on Feb. 18 declared: “How war in Europe boosts the U.S. economy.”

The U.S./NATO proxy war in Ukraine against Russia “is good for the U.S. economy,” the WSJ reports. “Industrial production in the U.S. defense and space sector has increased 17.5%.”

The report continues, “Biden administration officials say that of the \$60.7 billion earmarked for Ukraine in a \$95 billion supplemental defense bill, 64% will actually flow back to the U.S. defense industrial base.”

The WSJ adds that the \$95 billion military aid package also includes funds earmarked for Israel and Taiwan.

That’s war on three fronts.

The U.S. is in a steadily expanding military buildup of unprecedented proportions. But the economic basis for sustaining military expansion — for war on three fronts — is in virtual ruin.

After World War II, the United States was the world’s leading imperialist economic and military force. As the predominant imperialist power, the U.S. had unrivaled political and military dominance over its imperialist rivals in Western Europe and

Japan, as well as over developing countries and oppressed peoples globally.

In the early 1950s, the United States accounted for over 50% of global economic production. In 2023, the U.S. has fallen to about 26% of global gross domestic product ([GDP](#)), with China, Germany, and Japan all rising, according to the IMF. China's share of the global GDP surged from 2% in 1980 to 18% in 2021.

When adjusted for the cost of living (the IMF's [PPP – purchasing power parity](#)), the U.S. per capita GDP now ranks ninth in the world.

The basic industries of the U.S. have declined after decades of [deindustrialization](#) that began in the late 1970s.

In terms of capitalist production for profit, which involves competition for capitalist markets and the acquisition of sources of raw materials, the U.S. has become tremendously weakened as a world power. For instance, in its current heated military expansion, the U.S. has access to a fraction of the world's total production over what it had in the 1950s.

Consider the supply chain crisis during the COVID shutdown. COVID restrictions and lockdowns, especially in China, a major global manufacturing hub, led to shortages of components and products. Factories and ports in the U.S. stalled. Global supply chains are interconnected and interdependent, with many companies reliant on just-in-time inventory and single sources for parts.

While the economic base of U.S. imperialism has been contracting, the drive for military expansion has increased.

"U.S. military spending is at an all-time high," writes John Feffer at the Institute for Policy Studies. "From 2017 to 2023, the Pentagon's base budget increased by over 50%. For 2024, overall U.S. military spending — which includes the allotment for the Pentagon, the budget for nuclear weapons at the Department of Energy, and a few

other items — will be \$886 billion. With supplemental requests, like the current one for Ukraine and Israel, the total will approach \$1 trillion, the highest military spending since World War II.”

In October 2023, President Joe Biden said that the U.S. must be “the arsenal of democracy,” echoing [a 1940 call to arms](#) by Franklin D. Roosevelt. Biden was emphasizing the wars in Ukraine and Gaza and the U.S. arms buildup in Taiwan.

The biggest part of the U.S. war buildup in the Pentagon budget is aimed at China.

The [Modern War Institute at West Point](#) says, “The U.S. military is attempting to quickly replenish diminished weapons stocks in its largest production ramp-up in decades. With an eye on its pacing threats and the risk of major conflict — with China, in particular — it is transitioning to modern platforms, including attack submarines, heavy bombers, and air defense systems, as well as new approaches to electric vehicles. Given its security assistance to Ukraine and recent military support to Israel, and conflict risks with China, it is simultaneously rearming with legacy munitions — 155-millimeter artillery, Javelin antitank missiles, and surface-to-air Stinger missiles.”

### **Crises of a declining empire**

So, the Pentagon has launched a [military expansion](#) of unprecedented proportions, while the economic basis for sustaining such an unbridled military buildup has been severely eroded.

The U.S. capitalist system is facing multiple crises.

The global production decline should not be confused with a capitalist overproduction crisis.

Crises of overproduction are usually called cyclical capitalist events or simply

recessions in the media. Capitalism has had economic crises periodically since 1825. Capitalism goes through a boom and bust cycle every 10 years or so. Marx identified these cyclical events as crises of overproduction.

Capitalists produce goods and services only for profit and not for need. Production is disrupted when commodities can no longer be sold at a profit. Capitalist production can be effectively expanded, but the markets respond slowly, if at all. The overproduction is relative; that is, it's not that more is produced than is needed. It's that more is produced than can be sold at a profit.

A cyclical recession looms over the U.S. economy. Recessions are sweeping the capitalist countries. Japan, Britain, Ireland, and Finland are now in what Wall Street calls "technical recessions," which means at least two successive quarters of GDP contraction.

"This is only the tip of the iceberg," says one [report](#). Denmark, Luxembourg, Moldova, and Estonia were already in recession. Six countries — Ecuador, Bahrain, Iceland, South Africa, Canada, and New Zealand — reported shrinking GDP in October. And six more — Malaysia, Thailand, Romania, Lithuania, Germany, and Colombia — reported GDP contraction in December.

## **Debt around \$33 trillion**

Heavy borrowing by the U.S. government has financed military expansion. The U.S. budget deficit doubled from 2022 to 2023. The overall debt now stands at around \$33 trillion. That's the value of the combined economies of China, Japan, Germany, India and Britain.

Military spending is different than the capitalist market. Military spending goes to produce planes, tanks, missiles, and other defense systems.

These military products do not function like regular commodities. They do not

compete with other commodities for buyers in the capitalist market. There is no concern about overproducing since they do not compete for buyers based on market demands.

Government loan-financed military spending raises industrial production but depresses the capitalist process of expansion. Capitalist production is not simply to meet consumer needs but to maximize surplus value (profits). A portion of the profits made are used to expand the means of production (machines, technology, infrastructure, etc.).

Military spending redirects production from expanded production of the means of production into producing the means of destruction. More capital is consumed than is created.

The very goal of capitalist production is not meeting consumer demand or social needs but maximizing extraction of surplus value or profit from workers. Expansion is a key means to keep profits growing. Without expansion, profits fall.

The total product of the military-industrial complex is devoid of usefulness. The vast sums borrowed for the military budget have flooded the world with dollars of decreasing value due to military spending for which there has been no material return.

“Military spending has been crowding out other spending,” said Jason Furman, an economist at Harvard University. He noted that Vietnam War spending in the 1960s contributed to the soaring inflation at that time, which led to stagflation, the combination of high inflation and a slowing economy.

In the year 2000, the U.S. government debt was \$3.5 trillion, equal to 35% of the GDP. By 2022, the debt was \$24 trillion, equal to 95% of GDP. The single biggest source of this increase is military spending. According to the Watson Institute at

Brown University, the cost of U.S. wars from fiscal year 2001 to fiscal year 2022 amounted to a whopping \$8 trillion.

[Forbes](#) magazine recently noted that when adjusted for inflation, the U.S. bank leases and loans showed zero growth at the end of 2023. The capitalist economy simply cannot grow without sustained loan and lease growth. Zero growth means a contraction of the economy. “In simple terms, if this trend doesn’t change, then we are most likely to see a recession,” Forbes says.

On top of the periodic economic recessions inherent to capitalism, an even more severe crisis is plaguing U.S. monopoly capitalism. The decline of U.S. production and GDP and the rise of China, Germany, and Japan reveal the so-called competitive crisis: the loss of their competitive edge in the world market by significant elements of U.S. industry and finance.

The U.S. has slowly lost its dominant position in world trade and commerce.

Look at Boeing, a monopoly once dominant in the world aircraft industry in commercial and military production.

[Barack Obama](#) once quipped, “Other than — maybe — the CEO of Boeing, I don’t know anyone who’s done more to sell Boeing planes around the world than me.”

Then-President [Donald Trump](#) said during a 2017 visit to a plant in South Carolina: “God bless you, may God bless the United States of America, and God bless Boeing.” Boeing executive Patrick Shanahan was a Trump Secretary of Defense, the head of the Pentagon. Shanahan is also president and CEO of Spirit AeroSystems, which produced the defective parts for Boeing’s 737 MAX airline.

Capitalist monopoly retards technological development, discourages inventiveness and innovation, and prevents the normal renewal, retooling, and reequipment of the basic industrial apparatus. If profits can be made by jacking up prices as a result of

monopoly rather than by plant renewal, retooling, or modernization, then it becomes plain that the ruling class as a whole will opt for industrial production based on obsolete plant and equipment so long as profits can be maintained at a high level.

At Boeing, production was maximized for profit at the cost of air safety. In the 1970s, Boeing commanded 66% of the world market; now it is 41%.

A German-French-British consortium introduced the Airbus to compete with Boeing. Despite the occupying dominance of the U.S. and NATO, which has held Germany down by political and military means following the defeat of German imperialism in the Second World War, Airbus was mainly a German effort.

In 2019, Airbus displaced Boeing as the largest aerospace company by revenue due to the Boeing 737 MAX breakdowns.

### **German industrial engine stalls as U.S. guns and gas dictate terms**

It's not an accident that Germany was the first casualty in the U.S./NATO proxy war on Russia.

In 2022, the European Union imported 40% of its gas from Russia. The primary route for gas from Russia was through the Nord Stream pipeline to Germany. Nord Stream 2 was built to at least double the capacity.

The U.S. opposed Nord Stream 2 since the pipeline's inception. Congressional efforts to block the pipeline imposed sanctions, with increasingly stringent sanctions legislation enacted in 2017, 2019, and 2020.

The Nord Stream 2 project was finished in September 2022 but was idle pending certification by Germany and the EU.

On Feb. 7, 2022, before any Russian military actions in Ukraine, President Joe Biden

[declared](#), “There will be no longer a Nord Stream 2. We will bring an end to it.” (The [U.S. Navy](#) has since bombed and destroyed the pipeline.)

As the leading industrial economy in Europe, Germany had a heavy reliance on imported Russian oil, gas, and key minerals to fuel sectors like steel, chemicals, automotives, and complex machinery. This low-cost energy and raw material supply enabled the high productivity and exports behind Germany’s economic preeminence.

Germany has been forced to replace low-priced Russian pipeline gas with high-priced U.S. liquified natural gas (LNG), making German industry less competitive.

Today, the U.S. is the top LNG exporter in the world and the biggest supplier of crude oil to Germany and the entire European Union at a much higher cost.

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