

Congress approves \$15 billion in military spending

War in the Balkans—a bonanza for weapons industry

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Congress approved a \$15.1 billion supplementary spending bill for the war in the Balkans and other Pentagon operations Thursday, providing the down payment on what is now expected to be the biggest bonanza for the US weapons industry since the boom years of the Reagan administration.

The emergency legislation passed both houses of Congress after the Senate voted 70-30 to suspend budget restrictions on the new spending, against the opposition of conservative Republicans who wanted to cut domestic spending dollar for dollar to pay for the military expansion.

The \$15.1 billion is more than double the \$5.9 billion originally requested by the Clinton administration and the Pentagon to pay for the costs of the war and the operation of camps for the Kosovar Albanian refugees through the end of September. Congressional Republicans added bills for additional Pentagon spending, including \$1.8 billion to move a pay raise for US soldiers from 2000 to 1999, military aid to Jordan, and emergency use of US troops in the recovery effort from Hurricane Mitch in Central America.

The bill passed the House Tuesday by a vote of 269-158. The Senate approved it Thursday by 64-36, with clear majorities of both parties, 32-23 among Republicans, 32-13 among Democrats. The increase in Pentagon funding is to be paid for out of budget surpluses supposedly set aside for Social Security. In addition, the House voted to partially cover the cost of the measure by eliminating more than \$2 billion in social spending, including \$1.2 billion in unspent food stamp funds and \$350 million from the Section 8 low-income housing program.

The war in the Balkans has already proved a windfall

for companies like Boeing and Raytheon, which make cruise missiles (average price \$1.5 million) and other high-tech weapons being expended by Air Force and Navy planes at a rapid rate. Even better are the prospects for makers of “dumb bombs,” which have not been used at all since the 1991 Persian Gulf War, but are now being dropped by the thousands onto Yugoslavia.

In a lengthy article on the front page of its business section May 20, the *New York Times* pointed to the impact of the war on the financial fortunes of big defense contractors: “Most of the transports, weapons and ordnance now in use in Kosovo is equipment no longer actively produced—including the C-5 transport plane, the B-2 bomber and the Tomahawk cruise missile. So the need for new generations of matériel, and the money to pay for it, represents the best business opportunity in years for military contractors.”

The most hotly contested contract will be the new Joint Strike Fighter to replace the F-16, made by Lockheed, which is out of production. Boeing and Lockheed Martin are the two bidders for what could be \$50 billion or more in business, depending on how many of the NATO countries decide to buy the plane, and whether the Pentagon authorizes its sale to such US client states as Israel and Saudi Arabia.

In January Clinton announced the biggest increase in US military spending since the end of the Cold War, \$112 billion spread across the next five years, bringing the total Pentagon budget to \$319 billion by 2005. This does not include Energy Department spending on the production and maintenance of nuclear warheads. Weapons procurement will jump from \$44 billion in Fiscal Year 1999 to \$53 billion and \$60 billion in the

next two years.

While congressional Republicans have always been rabidly committed to the arms industry, House and Senate Democrats have shifted in that direction as well. “Kosovo has definitely changed things here on defense spending issues,” said Duncan Hunter (R-Calif.) head of the procurement subcommittee of the House Armed Services Committee. “Folks who used to vote to cut defense massively are now voting to deploy our military more and more.”

Even before Kosovo the Clinton administration made far more extensive use of the American military than its predecessors, dispatching American troops into foreign operations nearly 50 times in the past six years, compared to 14 military engagements under the Bush administration.

This has greatly increased the wear and tear on equipment, creating a backlog in orders which is now hitting the defense industry. Daniel Burnham, head of Raytheon, maker of the Tomahawk cruise missile, told the *Times*, “Kosovo underscores what the industry has been saying—that we need to get a sustainable rate of spending. “We need to get \$60 billion in weapons outlays. We are now on that path. And we are getting there faster than we first thought.”



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