Military industry stocks soar amid growing threat of war

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Amid the growing threat of world war, Wall Street is investing huge sums of money in the armaments industry.

Since the beginning of this year, the Standard & Poor's (S&P) Aerospace and Defense Industry subsector index has climbed 31.5 percent, while the S&P as a whole increased by only 12.9 percent. This surge in the stock value of the weapons industry—at a pace 2.5 times the rest of the market—should be taken as a warning of the bloodshed that is being prepared by the ruling elite.

At the top of the list in growth are giant companies such as Lockheed Martin, Northrop Grumman, Boeing and Raytheon. These companies are responsible for the most-used and deadliest weapons of the US arsenal, including the F-16, F-22 fighter planes, the B-2 bomber, the Patriot Missile, and all sorts of lesser-known ammunitions, high-tech communication devices, and vehicles essential for modern warfare.

Raytheon, the largest producers of guided missiles, is typical of the group, with its stock price continually breaking record highs. It is up 32 percent from the beginning of this calendar year. Its recent acceleration, however, is just the tail-end of a steep five-year climb in growth. Since 2013, its stock price has increased threefold.

The growth in defense industry stocks reflects several interconnected phenomena. First, there is the growing danger of war. At no point since before World War II have international relations between major powers been so tense. Should the United States launch a war against North Korea, China and Russia could quickly become involved, sparking a global conflict. Countries such as Saudi Arabia, Germany, and Japan are making moves to greatly increase their defense budgets, and they will rely heavily on US armaments to do so.

Second, the stock markets in the United States and globally have been fed by a coordinated central bank policy of historically unprecedented cheap credit. This policy has produced a massive bubble that threatens to explode, dwarfing the 2008 financial crisis. The low rate of return on actual industrial investment has caused the loose money floating around the financial markets to inflate pre-existing assets. This is why economic growth and inflation remain low while asset prices have exploded.

Third, the Trump administration is signaling a new stage in the United States' descent into military rule. Trump has already signed a series of record armament deals with other countries, such as Saudi Arabia. At the same time, it has pledged to massively increase the US war budget. Trump's policy of allowing the top military brass to essentially make its own decisions has sent a strong signal to Wall Street that major defense companies will experience a massive growth in the coming period.

Raytheon CEO Tom Kennedy told investors this July, "We have an administration that is significantly supporting international work for the domestic U.S. industry and that has opened several doors for us." He said that Trump as commander-in-chief "changes the game. … The bottom line is it's just accelerating our ability to grow internationally."

In May, Trump signed a deal to give Saudi Arabia $350 billion worth of armaments. Raytheon's Patriot missile system stood prominently in this package.

The growth of the armament industry amid economic stagnation, whatever the trajectory of the stock market, is a testament to the parasitic character of the word capitalist system. While billions of people around the world have no decent work and basic social services are being slashed, the ruling elite is pumping hundreds of

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billions of dollars into more-sophisticated ways to kill and destroy their adversaries.

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