



War: A Lucrative Business for the USA

War is a very profitable business for the USA. As the world's hegemon in a Capitalist System, they are involved a number of conflicts that are currently taking place; using the weapons that their arm's industry produces while also providing them to other countries in return for their money and support.

There are aspects of this 'profit' that are supposed to be illegal. Like 'War Profiteering', which became a problem for them in the Iraq War, with billions of dollars being unaccounted for. In response, the US House passed the War Profiteering Prevention Act, H.R. 400, which made it illegal for companies to overcharge in order to defraud or profit excessively from war, military action, or reconstruction efforts. They also passed the H.R. 2740, the MEJA Expansion and Enforcement Act, which made security contractors working in Iraq and other combat zones subject to prosecution by U.S. courts as well.

But this doesn't mean that the opportunity for making profit from war and conflicts ceased to exist – there are other means through which the officials in the USA can benefit from war.

We can see this in the events surrounding the current War with Iran. The day after the US missile strike killed Iranian General Qassem Soleimani, dozens of members of Congress saw bumps in their stock market portfolios as their holdings in defence contractors like Lockheed Martin and Raytheon increased in value on the possibility of war.

"51 members of Congress and their spouses own between \$2.3 and \$5.8 million worth of stocks in companies that are among the top 30 defense contractors in the world. Members of Congress generally report the values of their investments in ranges, so it's not possible to know exactly how much their stocks are worth.... (But) eighteen members of Congress, combined, own as much as \$760,000 worth of stock of Lockheed Martin, the world's largest defense contractor in terms of overall defense revenues." (Source: [The Members of Congress Who Profit From War - The American Prospect](#))

"In the Senate, nearly one-third of the members of the Defense Subcommittee of the Appropriations Committee own stocks in top defense contractors. The subcommittee is in charge of drafting the procurement section of the annual Defense spending bill, which allocates funding for the Defense Department and specifies weapons systems and other goods for the department to purchase from private contractors." (Source: [The Members of Congress Who Profit From War - The American Prospect](#))

This type of profit – where politicians benefit from companies who receive Pentagon funding and government contracts during wars and conflicts – is perfectly legal. Members of Congress can generally own stocks, as long as they disclose their financials and avoid insider trading and use of non-public information rather. Lawmakers can also hold defence stocks while sitting on committees or voting on Pentagon funding. This is despite the conflict of interests that exist – where contractors rely heavily on defence spending that is approved by Congress for their revenue. As an example, Lockheed Martin received more than [70%](#) of its \$51 billion in 2018 revenue came from sales to the U.S. government.

In the USA, private military and security companies are deeply embedded in government contracting, providing war-related logistics, security, and support services. And over the past 35 years, the Pentagon has devoted an increasing share of its budget to private sector contracts. With their average annual spending on such contracts increasing from 41% in 1990 to around 54% in 2024.

These figures only take the contracts that are reported into account. The U.S. intelligence budget is over \$100 billion; with most of it being embedded in the Pentagon budget, and it's all classified. Per federal regulations, classified contracts are exempt from being reported to USA spending. This means that potentially tens of billions of dollars' worth of military contracts go unreported every year. Though this figure could be even higher than that- according to the HKS Senior Lecturer [Linda Bilmes](#), who is an expert on public finance and has studied post-9/11 war costs for the past 20 years.

"She says their staggering \$5 trillion price tag was enabled by what she calls the "ghost budget."

Using an unprecedented combination of borrowing, accounting tricks, and outsourcing, presidential administrations, Congress, and the Pentagon were able to circumvent traditional military budget processes in a way that kept war costs out of the public debate and resulted in trillions being spent with minimal oversight.

The result: corporations and wealthy investors raking in huge profits; massive waste and fraud; and—combined with the Bush and Trump tax cuts—a shifting of the burden of the costs of war away from the wealthy and onto middle- and lower-income people and future generations". (Source: [The Ghost Budget: How U.S. war spending went rogue, wasted billions, and how to fix it | Harvard Kennedy School](#))

While the profits go to the companies – politicians are able to benefit from them. They own stocks in the defence companies that benefit from Pentagon contracts, giving politicians a vested interest in ensuring that specific companies thrive. And quite possibly making war and conflict a more attractive option – even when the cost to human life and the environment is horrifically high.

"In the 2020 Defense appropriations bill, the subcommittee [approved](#) \$1.85 billion for 18 more F-35 Joint Strike Fighter aircrafts and spare parts from Lockheed Martin. Subcommittee member Sen. Roy Blunt (R-Mo.) owns as much as \$100,000 worth of stock in Lockheed Martin. The subcommittee also recommended \$1.1 billion for 6 P-8A Poseidon aircraft, which is a maritime patrol and reconnaissance plane made by Boeing. Subcommittee members Dianne Feinstein (D-Calif.), Susan Collins (R-Maine), and Jerry Moran (R-Kansas) own as much as a combined \$750,000 in Boeing stock." (Source: [The Members of Congress Who Profit From War - The American Prospect](#))

This benefit doesn't only involve financial earnings through stock holdings. There is a "revolving door" that exists between government, Congress, the Pentagon, defence contractors, and lobbying firms— where the defence industry lobbies those in government positions seeking influence over policy, procurement, and regulation— while the former officials later work as lobbyists, executives, consultants, or board members.

"An investigation by Eric Lipton of The New York Times found that at least 50 former Pentagon officials went to work for military-related venture capital or private equity firms in the five years from 2019 to 2023. [F]ormer Pentagon officials and military officers who have joined venture capital firms . . . are trying to use their connections in Washington to cash in on the potential to sell a new generation of weapons. They represent a new path through the revolving door that has always connected the Defense Department and the military contracting business." (Source: [Profits of War: Top Beneficiaries of Pentagon Spending, 2020 – 2024 - Quincy Institute for Responsible Statecraft](#))

So, how does this link to the conflicts that happen abroad?

"The U.S. announced a record volume of major arms deals in 2024, the final year of the Biden administration — \$145 billion in all, including tens of billions to Ukraine and 'Israel';

and a huge surge in sales to Europe.³¹ The figure is essentially indistinguishable, adjusted for inflation, from the other highest sales year since World War II, which occurred in 2011 under the Obama administration.

The wars in Ukraine and Gaza have been major drivers of recent U.S. arms transfers. The U.S. has supplied over \$66 billion in military aid to Ukraine since the beginning of Russia's invasion of that country in 2022, most of it for weapons built by U.S. companies." (Source: [Profits of War: Top Beneficiaries of Pentagon Spending, 2020 – 2024 - Quincy Institute for Responsible Statecraft](#))

When we hear, as an example, that the USA is providing the Jewish entity with military aid for its war on Gaza, what does this mean in reality? This aid isn't given without strings and those strings conditions on what to spend the money on and who to give it to. So at least a part of the money provided to the Jewish entity is used to pay for weapons bought from US companies – the same companies that the Members of Congress have financial and/or political links to.

Foreign arms transfers, including sales paid for by other nations as well as military aid paid for by U.S. taxpayers, provide an additional source of revenue for weapons contractors above and beyond what the Pentagon spends on purchasing equipment and services for the U.S. military.

"When accounting for foreign military sales — government-to-government arms transfers— Lockheed Martin generated 92% of its total net sales through the U.S. government. The remaining 8% derived primarily from direct commercial sales, in which contractors transfer weapons directly to foreign buyers with the approval of the State Department." (Source: [Recognizing Reality: A Case for Nationalizing the US Arms Industry • Stimson Center](#))

The current military operation in Gaza is a treasure chest for military contractors whose revenue increases as the U.S. turns to them to replenish their stocks. With [Bloomberg reports](#) showing that the Pentagon is quietly fulfilling 'Israel's' request for additional guided missiles for Apache helicopters, 155mm cannons, night vision equipment, bunker-busting bombs and armoured vehicles.

All of this clearly shows how much USA officials are profiting from the wars and conflicts that take place. It explains why so many of them are less than concerned about the cost to human life and the environment.

This isn't to say that these profits are their primary motivation for war – to understand that we would need to conduct a much deeper political analysis, taking their ideological motivations and the geopolitical issues of the conflict into account.

What we can see is that the profits made by the arms industry makes it easier for politicians and officials to ignore the horrors that they have unleash on this earth. The more weapons that are sold – the more they earn. And that is one of the reasons why they don't have an incentive to stop– despite being held to account by citizens and organisations all around the world.

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