

WAR-PROFITEERING

Let's make all defense contracts non-profit!

I propose that Congress pass a law requiring all defense contracts to be at actual cost. This law would further empower the Department of Defense to “draft” reluctant providers of defense goods and services. Savings to the taxpayers would be in the tens of billions of dollars, the “industrial-military complex” would be dissolved, and the moral shame of profiteering from the miseries of war would be eliminated.

In his 1961 Farewell Address to the American people, President Dwight D. Eisenhower warned,

“In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.”

What President Eisenhower foresaw in 1961 has long since come to pass.

I propose that Congress pass a law requiring all defense contracts to be at actual cost. This requirement—at the option of DOD--might also apply to all suppliers and sub-contractors and to their suppliers and sub-contractors, as well. The General Accounting Office would be given full access to the books of defense contractors to ensure that only legitimate costs were charged.

Under this proposed law, full salaries and wages would still be paid, including necessary overtime. Such unnecessary costs as dividends, executive bonuses, advertising, promotion and the like might still be paid by the firm, but would not be considered as part of the cost of providing defense goods and services. Overhead costs would be closely examined to segregate charges for corporate ventures that were not necessary to the production of defense goods and services.

The savings to the American taxpayer would amount to billions of dollars each year; and the moral shame of profiteering from the miseries of war would be eliminated. Moreover, without the incentive of profit, the military-industrial

complex would dissolve. The very real and powerful industrial influence would be directed at peace instead of war.

It would be nice to assume that patriotic boards of directors would rush to volunteer the services of their firms in the defense of the nation. Experience suggests that this would not be the case. Consequently, the Department of Defense (DOD) would be given the power to “draft” firms for defense work. The personnel of these firms would be given quasi-military status and—at the option of DOD—be subject to the Uniform Military Code of Justice.

It may be argued that executives, deprived of their bonuses, might elect to leave such firms for “greener pastures”. Such desertions would not be allowed without the permission of the DOD. Service personnel are not allowed to leave their duty posts just because they find them unpleasant or unrewarding, nor should executives in defense industries.

For those who argue that it is unfair to deprive stockholders of their dividends or executives of their bonuses, I should like to point out that the monetary losses to reservists called to duty and to their families are a great deal more severe. And, as General Sherman pointed out, “War is hell!”

Finally, if our servicemen and women can withstand harsh and hazardous living conditions, loss of life, crippling, maiming, and disfigurement—then the least that corporations can do is to give up a portion of their dividends and bonuses.