

War Profiteering or Jobs Creation?

"There can be no profit in the making or selling of things to be destroyed in war. Men may think that they have such profit, but in the end the profit will turn out to be a loss".

- Alexander Hamilton, **American military officer, statesman, and Founding Father** who served as the first U.S. secretary of the treasury from 1789 to 1795

Insights

In a recent podcast with Joe Rogan, presidential candidate Donald Trump mentioned that he defeated ISIS in a matter of weeks when the powers that be in Washington DC had indicated the task would take years.

This actually brings to question or at least to this author, are some companies looking to profiteer from enabling conflicts to drag on? Whatever your end answer is, we are now asking yet again, will the latest calls by the US on "quiet" China to use its sway over Russia and North Korea just another pre-election political stunt or are they for real this time? After all, we are almost heading into year 3 of the Russia-Ukraine conflict!

The US and South Korea have called on China to use its influence over Russia and North Korea to prevent escalation after Pyongyang sent thousands of troops to Russia to aid Moscow's war against Ukraine. North Korea has promised to increase its soldiers into Russia from 3,000 to 10,000 by year end. Beijing has so far stayed quiet.

In a rare meeting earlier this week, three top US diplomats met with China's ambassador to the United States to emphasise US concerns and urge China to use its sway with North Korea to try to curtail the cooperation, according to a State Department official, who spoke on condition of anonymity.

Secretary of State Antony Blinken said Thursday that the sides had a robust conversation just this week" and that China knows US expectations are that they'll use the influence that they have

to work to curb these activities." But I think this is a demand signal that's coming not just from us, but from countries around the world, he said at a news conference in Washington with Defense Secretary Lloyd Austin and their South Korean counterparts. Liu Pengyu, spokesman for the Chinese Embassy in Washington, said in a statement that China's position on the Ukraine crisis is consistent and clear.

China strives for peace talks and political settlement of the Ukraine crisis. This position remains unchanged. China will continue to play a constructive role to this end, Liu said. Beijing has forged a no limits partnership with Moscow, and while it has also been a major ally for Pyongyang, experts say Beijing might not approve of the closer military partnership between Russia and North Korea because it sees it as destabilizing in the region. Beijing has forged a no limits partnership with Moscow, and while it has also been a major ally for Pyongyang, experts say Beijing might not approve of the closer military partnership between Russia and North Korea because it sees it as destabilizing in the region. Let's hope this is indeed the case. It's unclear if Beijing was informed of Pyongyang's move in advance, Victor Cha said, Korean chair at the Centre for Strategic & International Studies. Beijing also could fret over Russia gaining more influence than China over North Korea, Cha said.

Austin said Thursday that China should be asking Russia some hard questions at this point and whether it intends to broaden this conflict by this kind of behaviour.

Deputy Secretary of State Kurt Campbell, Assistant Secretary of State for East Asian and Pacific Affairs Dan Kritenbrink and Assistant Secretary of State for European Affairs James O'Brien met with Chinese envoy Xie Feng in Washington on Tuesday, according to the State Department official, who would not detail the Chinese response. Irrespective of any sways or influence

China might have on its neighbours, there is no feasible nor discussion of any end date to the war.

In comes the Trump train, promising to end the conflict if made President, within 24 hours. Is it any wonder then, the mainstream media is all out for the Democrats?

Let's not forget about the other war that is way into its 2nd year now, in the Middle East. Here's a taste of how much the US is profiteering from Israel's war on Gaza and its peripherals.

It is reported that Washington has provided some \$23 bln in aid to Israel since October 2023. However, a staggering 80% has come back to US weapons manufacturers. How?

Israel's war on Gaza is proving to be a shot in the arm for the US economy, with up to 80 percent of its all-time high military aid to Tel Aviv in the last 12 months routed back to American companies.

US spending on Israeli military and related operations in the Middle East since October 7, 2023, is nearly \$23 billion, substantially higher than in any other year since Washington began granting military aid to Israel in 1959, according to a research paper released by the Costs of War project by Brown University's Watson Institute.

The terms of military aid require the Israeli government to divert most of that money back to the US for buying weapons from American companies.

The condition ensures a "steady flow" of income for US weapons firms that, in turn, provide "stable manufacturing jobs" in small and midsize communities across the country.

"The foreign military assistance programme requires most purchases to be from US companies. This is a longstanding arrangement, and the US makes this point in its arguments in favour of such assistance," Harvard University professor Linda J Bilmes, who co-authored the research paper, tells TRT World (dd. 9Oct2024).

Israel is one of the few countries that are allowed to buy arms directly from US companies with "minimal" oversight.

Bilmes says the Biden administration has "openly justified" its foreign aid spending for Israel in the name of "creating jobs for Americans" as US weapons makers hire workers to "replenish" the depleting stockpiles of arms and ammunition.

In the budget for 2025, the White House made a case for its \$92 billion emergency supplemental request for urgent national security needs—including those relating to Israel—on the pretext that it would create and sustain jobs in "dozens of states across America".

This becomes especially important in the political context, with the Democrats facing a stiff challenge from Republican candidate Donald Trump in this year's presidential elections.

Trump has made the "failing American economy" under President Biden the centrepiece of his campaign, along with immigration.

Bilmes lists six big companies that are supplying arms and other equipment to Israel – Boeing, General Dynamics, Lockheed

Martin, Northrop Grumman, RTX (formerly Raytheon) and equipment producer Caterpillar.

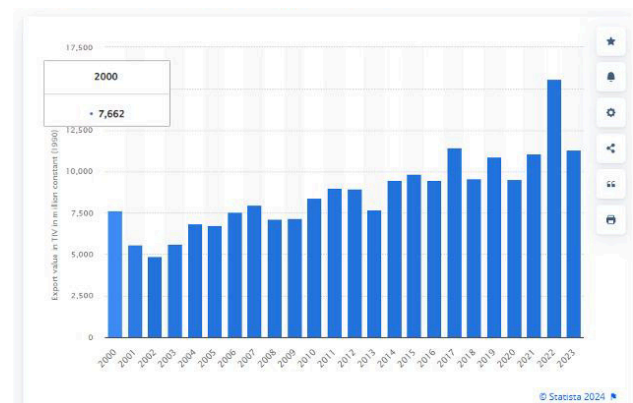
These firms, along with their suppliers and financial institutions, have maintained "longstanding commercial relationships" with Israel, which is their "important customer".

Whilst Presidential hopeful Trump has made his stance on the Russia-Ukraine conflict clear, his views on the Gaza situation remains aloof. According to the Times of Israel, Trump told Netanyahu he wants the Gaza war over by the time he enters office BUT ex-Trump aide and Israeli officials are revealing that the request has a timeline attached to it. But the Prime Minister indicated on Monday (28/10/24) that Israel is not yet at the conflict wrap-up stage, telling Likud MKs in a quickly leaked recording from a faction meeting that he cannot agree to Hamas's demand to end the war in exchange for the 101 hostages it still holds.

The definition therefore of war profiteering OR job creation now becomes one of whether it is ethically or morally correct to be pursued.

Figure 1 : U.S. arms exports from 2000 to 2023

(in TIV expressed in million constant 1990 U.S. dollars)



U.S. arms exports 2000-2023

Published by Statista Research Department, Aug 27, 2024

The statistic shows total U.S. arms exports in the years 2000 to 2023 expressed in TIV. The TIV is based on the known unit production costs of a core set of weapons and is intended to represent the transfer of military resources rather than the financial value of the transfer. The TIV is expressed here in million constant U.S. dollars as of 1990. In 2023, the U.S. arms exports totaled to about 11.29 billion constant (1990) U.S. dollars.

The depicted export value is only an indicator and does not correspond to the actual financial value of the transfers.

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