Changing Perceptions of War Profiteers

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You, sir, are a snake in the grass. You are the sludge of the Earth, a stain on society, the banality of evil, and your presence disgusts me. You are a war profiteer. The act of war profiteering traditionally entails earning profits by selling weapons, goods, or services to fighting parties during times of war. Society reserved a very special feeling of contempt for those profiting from America's military struggles against the tyrannies of evil during the early twentieth century, but the past few decades have witnessed changing values. This paper examines the change over time of the American public's opinion of war profiteers through the expression of popular media such as newspapers, movies, and political cartoons. Under examination is the occupation of war profiteer's transformation from one of individual, unbridled opportunism coupled with abysmal moral integrity to ambitiously savvy businessman or even entrepreneurial patriot in some cases. Why is it that fifty years ago someone engaging in war profiteering was considered scum of the earth, while today people clamor for the same jobs?

Perceptions, values, and even terminology have all changed. War profiteering is rarely called by its name anymore, and even when the term is used it hardly elicits the outrage one would expect from such acts. Society's values, it seems, have changed. Profiting from war is no longer looked down upon as it once was; rather, profiting excessively is the new stigma. Only when overcharging for services or failing to deliver on promises occurs is there public outcry, and even then it seems to quickly fade from public memory. The aim of this project is to document the change and to consider possible causes of these transformations as well as their implications for the war industry. This topic finds relevance in the very existence of American society. Ever since its birth, the United States of America has been defined by its wars, business,

and consumption. Recent events have continued to validate these three spheres. This research remains relevant so long as wars continue to be fought and unethical business practices continue to support them; its significance will not soon expire.

Previous academic work on this topic is virtually nonexistent. Most existing literature involves documentation of specific instances of war profiteering and investigations into these acts. Many books have been written, cartoons drawn, and movies produced about acts of war profiteering during the First and Second World Wars. I plan to draw upon this information, and answer a question that has not yet been asked in the sphere of international studies: How and why have American perceptions of war profiteers changed over the past century? This question will be answered through an analysis and then comparison of old perceptions versus new perceptions of war profiteering and the media that accompanied them.

American society has experienced astronomical changes which themselves could be the subject of volumes of research. Even examining a specific niche such as business reveals the truly extraordinary changes and advances undertaken by the American people. Gone are the days of John D. Rockefeller, William Randolph Hearst, and Andrew Carnegie, replaced by names such as Nike, Wal-Mart, and Coca-Cola. Industrial tycoons have for the most part ceded to the rise of the almighty corporation. Thus it would follow that war profiteering has transformed from a realm of individual, entrepreneurial greed to organized, corporate irresponsibility and opportunism. Just as the sources of profiteering have altered, so have its perceptions. I will show that perceptions of war profiteering have changed due to the shifting nature of war for American citizens: The level of outrage among the American public in

response to war profiteering is positively correlated with the level of personal sacrifice endured for the war effort.

Old Perceptions: World War I

America's entry into World War One was less than enthusiastic. Proclaiming its disinterest in the philistine behaviors of the European powers, America exercised a brand of neutrality which involved selling significant aid to Great Britain and France in their fight against Germany. The United States has historically prided itself in its reluctance to enter into wars. Once the decision has been made to fight, however, even the most isolationist of America's generations have rallied behind their country in support of the war effort. World War I was no different in this respect.

During the early twentieth century, war profiteering was viewed as mostly an individual act of greed. Prior conflicts during the 19th century such as the Civil War had established the entrepreneurial businessman lacking moral fortitude as the prima culpa identifiable to the American public. The first American arms manufacturer to become a millionaire was Samuel F. Colt—founder of Colt's Patent Fire Arms Manufacturing Company. Colt earned his reputation as a quality revolver manufacturer during the Mexican war and used his reputation to sell weapons to both the North and the South during the Civil War. During this conflict, the Colt Company's earnings skyrocketed from \$237,000 to more than a million dollars per year. By the time World War One arrived approximately fifty years later, many other industrialists and entrepreneurs had discovered the lucrative business of war profiteering.

¹ Brandes, Stuart. Warhogs. The University Press of Kentucky, 1997: 183.

By 1915, Marcellus Hartley Dodge had gained control of the Remington Arms Company and established it as America's leading manufacturer in small arms. Using his contacts, Dodge procured a contract to provide the Lee-Enfield rifles for the British army and subsequently established the Midvale Steel and Ordnance Company. Days after going public with the stock, Dodge sold his position in Midvale at a \$24 million capital gain. Eugene G. Grace had the good fortune of being the president of Bethlehem Steel Corporation which became America's leading shipbuilder during the First World War. For his hard work Grace received year-end bonuses of \$1,501,532 in 1917 and \$1,386,193 in 1918—the largest single wartime pay increase in American history.² This profitability translated similarly for many other areas of war industry which took full advantage of the demands created by the Great War. In 1911, Winchester Repeating Arms Company had gross sales of over \$2.7 million. By 1918 at the height of the war, gross sales had multiplied exponentially to over \$61.2 million.³ Over a similar time period, Jones & Laughlin Steel Company grew from \$2.2 million in net income in 1911 to \$48.8 million in 1917.⁴ Average Americans making sacrifices in their everyday lives understandably regarded these exorbitant profits in a very negative light, and their feelings spilled over into popular media.

In light of the excessive profiting revealed in the wake of World War One, former doughboy Harold Gray created the wildly popular comic strip "Little Orphan Annie" which exhibited troubled millionaire and war profiteer known as Oliver "Daddy" Warbucks. The 1981 Hollywood film "Annie"—based on the comic strip—illuminates Warbucks who has evolved

² *Ibid.*, photo inserts 182-183.

³ *Ibid.*, Appendix B: 286.

⁴ *Ibid.*, Appendix B: 288.

into a ruthless billionaire. Frequent comparisons arise between the rag-tag commoners and the man who owns many houses, Rembrandts, and drives Duesenburgs—earned through shrewd entry into the war industry. Warbucks is portrayed as arrogant and crude, deeming the Mona Lisa fit to hang in his bathroom and treating quite terribly anyone in his proximity. While the movie eventually focuses on how an obstreperous, wealthy old man finds a soft spot for the orphan Annie, the motif of his war profiteering remains underlying throughout. In one hectic scene, completely ignoring a Bolshevik's attempt on his life, Warbucks negotiates the terms of a war contract: "In conclusion, because your country has raised its voice loud and clear for freedom and democracy, I will extend to you a credit line for the acquisition of 35 of my new fighter bombers. That will come complete with a year's supply of spare parts, ammunition, and advisers." Despite the commotion around him, the ruthless Warbucks continues, "If you cannot meet that deadline you will have to be charged the current rate of interest. That is, six percent. One of my companies is developing a bomb-proof plan which may be of interest to your shipping line if the present international situation should deteriorate." Depictions of Daddy Warbucks over time in the comic strip as well as in the motion picture have solidified the perception of war profiteers during World War I as unscrupulous opportunists—paralleling the opinions held at the time.

In order to ascertain public perceptions of war profiteers, I examined both newspaper headlines and editorial cartoons for documentation of profiteering and the attitudes surrounding it. Using ProQuest Research Library's archive search and setting parameters of New York
Times, Washington Post, and Los Angeles Times articles between 1915 and 1920, a search for

⁵ <u>Annie</u>. Dir. John Huston. Columbia Picture Corporation, 1982.

"war profiteer" yielded nearly one hundred hits. A selected sample of articles revealed feelings remarkably different from those found today. The utter contempt and hatred for war profiteers during World War I was a stark contrast to any criticisms voiced today.

On October 1, 1917, <u>The New York Times</u> ran an article describing a Rabbi's denunciation of war profiteers. Labeling them as 'trench rats,' who 'are fattening on the necessity of America's soldiers,' he went on to say, 'The burden of the war must fall most heavily where it will rest most lightly. The men who have been through the hell of war will scorn the glorified tax dodgers and grow impatient with war profiteers.' Almost one year later, <u>The New York Times</u> ran another article citing New York City's inclusive definition of war profiteers and how they should be punished:

It was learned yesterday that the budget makers are preparing a surprise for those city employes [sic] who left good jobs to accept better ones in civilian war posts, such as ship yards and ammunition plants. These former employes are not to have their old jobs back. Many such employes who received leaves of absence, in the opinion of city officials, are war profiteers, and are not entitled to be taken back or to receive pensions. It is the intention of the Board of Estimate to make public soon the names of city employes who left their jobs for positions connected in no way with either the Army or the Navy, and who will be dropped from the payrolls.⁷

[&]quot;Denounces War Profiteers: Rabbi Wise Calls Them "Trench Rats" Despoiling Soldiers." New York Times (1857-Current file), October 1, 1917, http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;30,000 Get More Pay: But City Has Surprise for Some It Calls 'War Profiteers.'" New York Times (1857-Current file), September 25, 1918, http://www.proquest.com/ (accessed April 22, 2008).

Other headlines from the time period reinforce the articles previously cited as evidence of the American public's disdain for profiteers: "Called Profiteer He Commits Suicide," "Huge Profiteering In Food and Clothes," and "Disloyal Profiteering," are but a few of the explicitly critical titles listed in the nation's major newspapers of the time. Other powerful examples include a plea by The New York Times on December 27, 1918 for the Government to seize the capital of war profiteers smuggling their gains out of Germany¹¹ and a remarkable article in <u>The</u> Los Angeles Times on August 22, 1919, calling for a published dishonor roll of war profiteers. The article explains Senator Walsh's plan to introduce a bill revealing a list of individuals and companies who profited during World War I with the intention of preventing profiteering in the future. It states that there "is a general demand that persons, partnerships and corporations making excessive profits at a time when millions of American families were sacrificing and suffering for the cause of our country should be known to the public in order that the people may have in their possession the names of persons who took advantage of the distressed condition of their country to amass wealth." These articles make clear the contempt with which profiteers were viewed. In addition to reports and articles of the time, political satire often provides insight into public opinions when it comes to the war profiteer.

Special to The Washington Post. "Called Profiteer He Commits Suicide: "Neither God Nor Man Will Forgive," Says Note of Broker." <u>The Washington Post</u> (1877-1954), February 17, 1918, http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;Huge Profiteering in Food and Clothes: Treasury Finds That Highest Toll Was Taken in 1917 from Necessaries of Life. Figures Amaze Senators. Disclosures Will Form Basis of Fight for 80 Per Cent. Tax on War Profits. Clothing and Shoes Profits Heavy. Reports Surprise Senators." New York Times (1857-Current file), August 18, 1918, http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;Disloyal Profiteering." <u>The Los Angeles Times</u> (1886-Current File), July 1, 1918, http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;War Profiteers Use Airplanes to Take Booty Out of Germany." New York Times (1857-Current file), December 27, 1918. http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;War Profiteer Roll of Dishonor Wanted: Senator Walsh Calls on Wilson to Lift Secrecy Ban on Income Taxes." <u>Los Angeles Times</u> (1886-Current File), August 22, 1919. http://www.proquest.com/ (accessed April 22, 2008).

Editorial cartoons offer entertaining sources of research while contributing valuable information towards public sentiments. Four cartoons in particular, printed during the shortlived calm between the First and Second World Wars, represent America's contempt for the parasitic war profiteer. The first is a straightforward depiction of war profiteers' moral repugnancy. Titled "The War Profiteer's Dream," this editorial cartoon appeared in the October 8, 1922 edition of The Chicago Daily Tribune. In it, a fat man reclines in his big chair and rests his head on an overstuffed pillow for a nap. Dressed in a fine suit and obviously accustomed to many of the luxuries life has to offer, the profiteer's dreams rise around him for the reader to easily view. On his face is an expression of smitten joy as he sees the favorable headlines rising around him: It's War!; War Fever Sweeps Balkans; Holy War Proclaimed; Britain to Fight; Civilization in Peril, Christians Must Stand Together; Christians Massacred; Americans Killed! Yank Troops Rushed From Rhine! Marines Landed!; Vast War Supplies Ordered! Munition *Factories in Full Blast.* Here is a man who dreams for widespread war and anarchy so that he may benefit from the business opportunities that the war industry will surely have to fulfill (See Appendix, Figure 1). A second cartoon printed as the war raged on in Europe lamented the faults of six characters, among them the war profiteer, whose actions hinder the war effort. Among them is the cook who serves lavish amounts of food with no restraint, the woman responsible for high prices of meat because she feeds it to her dogs, the ignorant man who pays no attention to the war, the gluttonous woman who eats too much, the "patriot" who waves the flag and hates the pacifist but does nothing himself, and finally the war profiteer who hoards food and then waits for prices to rise so that he may sell it for high returns later. In this cartoon,

[&]quot;The War Profiteer's Dream." <u>Chicago Daily Tribune</u> (1849-1986), October 8, 1922. http://www.proquest.com/ (accessed April 10, 2008).

the profiteer stands blindfolded and facing a firing squad at the moment of his execution (See Appendix Figure 2).¹⁴

The third editorial cartoon, printed on December 6, 1936 in The New York Times, takes a more satirical approach to portraying the war profiteer rather than a traditional representation. Titled "Olympics for War Profiteers," the cartoon depicts stereotypical war profiteers engaged in sporting events characteristic of the First World War. During that war, certain horrors of battle came to haunt Europe as new symbols of mass destruction and efficient killing. Barbed wire strung about the vast stretch of earth known as "No-Man's Land" impeded advancing armies, while bayonets often became weapons of choice in the close, hand-to-hand combat experienced. Furthermore, making their debut on the stage of warfare were terrible killing machines in machine guns, artillery, and gas warfare. In the cartoon, the war profiteer is forced to experience the terrible weapons of war he produces through an ironic display of Olympic events. Dressed in top hats, coat tails, and other fine clothing, the profiteers sweat and suffer through the effects of their wealth. In "Barbed-wire hurdles," a profiteer donning a gas mask is shown jumping over a hurdle whose top rung is made of barbed-wire. In "bayonet fight to death," two blindfolded profiteers armed with rifles and bayonets must fight to the end. In "depth-bomb race" two profiteers swim through the water with depth charges tied around their wastes, trying to keep their heads above the surface. In "apple-shooting feat," two sweating profiteers sit blindfolded and facing one another. Each with an apple on their heads, they are armed with a machine gun and must shoot the apple from the other's head. Finally, in "explosive juggling," a profiteer

[&]quot;Spring Poems." <u>The Chicago Daily Tribune</u> (1849-1986), April 29, 1917. http://www.proquest.com/ (accessed April 10, 2008).

stands holding a large artillery shell while balancing unsteadily on the earth (See Appendix, Figure 3).¹⁵ In each event the profiteer is perilously close to death as a result of his own products, and the artist attempts to illustrate that perhaps if these men were subject to the effects of their profiteering, then they wouldn't be so eager to take such actions.

The fourth cartoon takes yet another approach in personally attacking a public figure for perceived war profiteering and requires some background information. Born out of poverty and hardship, Jack Dempsey discovered a talent for fighting and boxing. Along with 66 career wins (51 by knock out) Dempsey held the world heavyweight title from 1919 to 1926. On July 2, 1921, Dempsey faced off against Frenchman Georges Carpentier in what became boxing's first ever million-dollar gate. Georges Carpentier had been a war hero in World War I and was very popular in both the United States and Europe while Dempsey had tried to enlist with the Army but was rejected. ¹⁶ In spite of these facts, on June, 14, 1921, in anticipation of the fight, The <u>Chicago Daily Tribune</u> printed an editorial cartoon portraying both Dempsey and Carpentier as profiteers. In the first frame, Dempsey is labeled as "Slacker Jack" and standing behind his piles of money bags exclaims, "Who says business ain't no good?" Looking on are a downtrodden group of men and a wounded soldier who exclaims, "For one day's fighting!! That's more than I got for a year's fighting." Furthermore, in the second frame there is a far off land across the Atlantic Ocean labeled "Dempsey Camp" and "Carpentier Camp" from which dollar signs abound as European "dollar chasers" worry about the supply of money running out. Finally, in the third frame, the viewer is presented with a lineup of four men and a poem: "He went to

[&]quot;Olympics for War Profiteers." <u>The New York Times</u> (1851-2004), December 6, 1936. http://www.proquest.com/ (accessed April 10, 2008).

¹⁶ Fleisher, Nat. <u>Jack Dempsey</u>. New York: Arlington House, 1972.

market," refers to a fat war profiteer with bags of loot. "He stayed at home," shows Dempsey labeled as "Exempt Demp" with two large bags of money. "He said 'Oui, oui, oui," represents Carpentier laden with money bags, "And he got none," displays a wounded soldier on crutches (See Appendix, Figure 4).¹⁷ This cartoon portrays Jack Dempsey in an extremely negative light despite the fact that he has no connection to war profiteering whatsoever. While Jack gained his riches through the sport of boxing, the artist made no distinction and proclaimed him to be the equal of a war profiteer. This opinion clearly illustrates that the American public during the 1920's had no patience for anyone making large sums of money while the nation was recovering. As the nation was suffering through the aftermath of a war, so should all of its citizenry.

Public outcry at the profiteering that had occurred during World War I led to

Congressional investigations and movements to take the profits out of war. Evidence abounded

following the war of immense profits made by individuals as well as corporations. Furthermore,
many reports found that "the prevailing pre-war international traffic in armaments made it
inevitable that many of the armies and navies were met by guns and armaments which had been
manufactured and sold to the enemy by their own countrymen." During the Great War, Du

Pont had supplied 40 percent of the powder used by the Allied forces, netting a generous sum in
these transactions. But it was not nearly the most egregious of the profiteers. George Seldes set
about exposing these abuses in his book Iron, Blood and Profits published in 1934. In it he
makes known his intention to name the war lords who made billions in profits before, during,

[&]quot;The Big Fight and the Big Money." <u>The Chicago Daily Tribune</u> (1849-1986), June 14, 1921. http://www.proquest.com/ (accessed April 10, 2008).

H.C. Engelbrecht and F.C. Hanighen. Merchants of Death. New York: The Garden City Publishing Company, 1937: 156.

¹⁹ *Ibid.*, 35-36.

and after the World War, and in so doing, expose the businessmen and businesses which have an interest in war and war preparations and thus continuing their profits. The Republic Iron and Steel Company made an average profit of \$2,500,000 each year from 1911 to 1913. In 1916 this figure had jumped to \$14,789,163. Central Leather Company rose in profitability from \$3,500,000 annually to \$15,500,000 in 1916. This list continues on with General Chemical Company, Anaconda Copper Mining Company, The United States Steel Corporation, and many others whose profitability soared exponentially during The Great War. Books have been written detailing war profiteering and the political powers enabling it, however the focus here is on the perceptions of these profiteers and public reactions.

Newspaper headlines previously described have alluded to public outrage at the dishonor of war profits and the desires to enact retribution and social change. The period of history following World War I more than any other represented the climax of stigmas associated with profiteering and political will to change the system. At no other point in history did the American people come so close to removing the profits from war, and at no other point did the act of war profiteering engender the fierce resentment as it did during the aftermath of World War I.

The lead up to the Second World War was prefaced by a strong political campaign to remove all profits from war, culminating in a joint Cabinet-Congressional commission later known as the War Policies Commission. Exclaiming that a future world war must be prevented, activists found a solution. The movement became known by its demand for equalization of the burdens and the removal of profits from war. Cries rang out, "Equalize the burdens! Take the

²⁰ Seldes, George. <u>Iron, Blood, and Profits</u>. New York: Harper & Brothers, 1934: 220-223.

profits out of war! Let all suffer alike! Draft the dollar!"²¹ Sympathetic views found a voice in articles, public lectures, speeches, and organized demonstrations and found a champion in congressmen who made serious attempts to fix the problem. The War Policies Commission held hearings for several months and discussed plans for equalizing burdens and removing the profits from war. On March 7, 1932, approximately a year after its opening session, the War Policies Commission recommended a Constitutional Amendment "to eliminate all doubt concerning the extent of the power of Congress to prevent profiteering and to stabilize prices in time of war."²² Until the amendment passed, the Commission proposed a plan for Congress to implement in order to equally distribute burdens and minimize war profits. As a guideline it would prevent any profits from war which exceeded peace-time rates and impose a war-tax on individuals and corporations of "95 percent of income above the previous three-year average, with proper adjustments for capital expenditures for war purposes by existing or new industries."²³ Waldman continues on to lament that even at the writing of his book, special interests had begun mobilizing to protect their profits in a future war, saying, "It startles one to know that elaborate preparations are already being made to insure profits to business during a future war when the cries of the maimed men of the last shambles are still to be heard."24 Waldman was correct in his observations as war profits are alive and well today. The United States made remarkable strides in attempting to end war profits, but it ultimately failed—with it disappearing America's last, best chance to remove profits from war.

²¹ Waldman, Seymour. <u>Death and Profits</u>. New York: Brewer, Warren, & Putnam, 1932: iv.

²² Ibid., iv-v.

²³ Ibid., v-vi.

²⁴ *Ibid.*, vi.

Old Perceptions: World War II

With unprecedented levels of death and destruction, World War II also brought about an entirely new intensity in war profiteering. The Nazi regime in Germany notoriously seized Jewish property and valuables for themselves in such numbers, that action is still being taken in court today to recover recently discovered artwork stolen by the Nazis. Furthermore, businessmen throughout Europe jumped at the chance to collaborate with the Nazis and make large amounts of money in the process. As profiteering ran rampant in Europe, the same breed that plagued the United States during World War I started to rear its ugly head at the sound of the drums of war across the Atlantic.

New entrepreneurs for a new war rose to the challenge of production to feed the military machine and line their own pockets. Edwin and George Link developed a model cockpit for training pilots in the 1920s which the Army became very interested in at the outbreak of World War II. The brothers' company expanded fifty-fold and their salaries multiplied by six at America's entrance to the war in 1941.²⁵ Robert E. Gross, president of Lockheed Aircraft Corporation, produced the P-38 Lightening fighter plane for the army and saw an increase in salary from \$27,400 in 1931 to \$125,00 in 1941—an increase of 456 percent.²⁶ Glenn L. Martin manufactured light bombers, notably the B-26 Marauder, during World War II. His salary nearly doubled from \$33,970 in 1939 to \$60,260 in 1941. Furthermore, his net income in 1941 was an astounding \$779,476. At his death in 1955, he was valued at \$14.3 million.²⁷ Finally, on the eve of the war, Reuben H. Fleet, founder and president of Consolidated Aircraft Corporation,

²⁵ Brandes, photo inserts 182-183.

²⁶ *Ibid.*, photo inserts 182-183.

²⁷ *Ibid.*, photo inserts 182-183.

produced one of only two American, four-engine heavy bombers. His firm also produced the only long-range flying boats. From 1939 to 1941, Consolidated Aircraft's number of employees rose from 1,500 to over 30,000 and Fleet's salary increased from \$20,000 to \$62,500. When he sold his share of the company in 1942 he received nearly \$11 million. These are but a few of the better-known examples, but they represent a widespread trend across defense industries in America. A look at large Wisconsin defense contracting firms from 1936 to 1946 shows that while some firms maintained steady salaries for their presidents, many of them increased astronomically (See Appendix, Chart 1). Despite all the efforts made following the Great War to end profiteering, the problem persisted.

As popular media rallied the American population in support of the war effort and vilified profiteers in World War I, so did it spring into action in the face of conflict with the Axis powers during the early 1940s. A search of the same major newspaper archives with the same wording as before again yielded a plethora of results. A <u>Washington Post</u> article from 1942 outlined the Department of Justice's plan to set up a system of punishing war profiteers while Democratic Senator Walsh of Massachusetts "drafted legislation which would make defrauders of the Government subject to forfeiture of their citizenship, just as 'deserters from the Army or Navy.' In line with his announced intention of legislating against excessive profits, Walsh presented his committee with a bill which would punish with maximum prison term of ten years or \$10,000 fine, with added wartime penalty of loss of citizenship" all contractors defrauding the government or making unreasonable profits.³⁰ Less than two weeks later, <u>The New York Times</u>

²⁸ *Ibid.*, photo inserts 182-183

²⁹ *Ibid.*, 266-267.

[&]quot;Profiteering and War Frauds Against U.S. Facing Action." <u>The Washington Post</u> (1877-1954), February 5, 1942. http://www.proquest.com/ (accessed April 22, 2008).

reported that five hundred people attending a memorial service honoring those who had died on the battleship Maine in 1898 heard "a bitter attack on the 'mushroom millionaires' who are taking advantage of the current conflict 'to profiteer at the expense of the nation.'" The speaker went on and "evoked enthusiastic applause when he urged that war profiteers be stripped of their citizenship […] characterizing war profiteers as 'jackals.'"³¹

One editorial reinforces the ideal of universal sacrifice for the war, stating that higher living costs, shortages, deprivations and high taxes are all inconveniences that accompany the war effort and that not a single American should be excused when it comes to contributing to the war. The author further damns the war profiteers of the current conflict, classifying them as "the men and women who are being paid huge wages. War production had to have workers and wage and salary scales were set that were abnormally high."³² Another article outlines the process by which war contractors pad costs in order to justify high prices and ensure that only a minimal amount of profits will have to be refunded. It then calls on industrialists to step up for their country and themselves to avoid the war profiteer label when the soldiers return.³³

On March 27, 1944, <u>The New York Times</u> printed an article titled "War Profiteers are 'On the Loose,' Controller General Warren Says," in which the Controller General expresses fear of multiple scandals concerning war contracts. In it he disparages against the "cost-plus-fixed-fee" type contract which represents "the most extravagant, most vicious, most damnable

[&]quot;Profiteers Scored at Veterans' Rally: Spanish War Group Hears Attack on 'Mushroom Millionaires." New York Times (1857-Current file), February 17, 1942. http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;'Profiteers' in This War." <u>Los Angeles Times</u> (1886-Current File), April 23, 1944. http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;War Profiteers." <u>The Washington Post</u> (1877-1991), December 15, 1943. http://www.proquest.com/ (accessed April 22, 2008).

form of business imaginable."³⁴ The continuation of articles criticizing profiteers seems endless. Additional headlines read: "Group Says Tax Bill Aids War Profiteers,"³⁵ "Watching War Profiteers: Credit Field Aids in Tracing Black Market Operators,"³⁶ "Va. Tax Agents Start Drive on War Profiteers,"³⁷ "Vinson to Air Huge Profits of War Plant,"³⁸ and "War Supertaxes."³⁹ Analysis of major newspaper headlines and the article content shows that war profiteers were still viewed very negatively in the press during World War II. Feelings may even have become more impassioned—as seen in multiple calls to strip profiteers of their American citizenship. To understand the extremely hostile attitudes towards profiteers it is necessary to investigate the rationale behind the American psyche. This can best be done by analyzing editorial and motivational cartoons.

The main argument of this paper is that personal sacrifice in aiding the war effort has a positive correlation to the level of outrage at war profiteering. This means that the more large numbers of American people have to sacrifice the personal comforts of their everyday lives, the more upset they will be with profiteering and the more society will harbor ill will towards war profiteers. Cartoons drawn by Dr. Seuss during World War II encouraging personal sacrifice offer excellent evidence to support this conclusion. A compilation of these motivational cartoons

[&]quot;War Profiteers Are 'On the Loose,' Controller General Warren Says." New York Times (1857-Current File), March 27, 1944. http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;Group Says Tax Bill Aids War Profiteers." <u>The Washington Post</u> (1877-Current File), January 5, 1944, http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;Watching War Profiteers: Credit Field Aids in Tracing Black Market Operators." New York Times (1857-Current file), October 15, 1945. http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;Va. Tax Agents Start Drive on War Profiteers." <u>The Washington Post</u> (1877- Current File), June 6, 1945. http://www.proquest.com/ (accessed April 22, 2008).

Spargo, Mary. "Vinson to Air Huge Profits Of War Plant." <u>The Washington Post</u> (1877- Current File), January 6, 1944. http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;War Supertaxes." <u>The Washington Post</u> (1877- Current File), February 21, 1943. http://www.proquest.com/ (accessed April 22, 2008).

can be found in a book titled <u>Dr. Seuss Goes to War: The World War II editorial cartoons of Theodor Seuss Geisel</u>. Six cartoons selected from that book will be referenced here in order to emphasize the role personal sacrifice used to play in the war effort.

The first alludes to the importance of conserving rubber and gasoline so that it can be applied to winning the war. In the May 11, 1942 drawing, a smug little gentleman in a bowler hat sits at the wheel of his car with a pipe in his mouth. Racing along at great speeds, the man's car is labeled "U.S. Joy Rider" and he has two special passengers in the back seat. Gesturing the way forward, caricatures of Hitler and Emperor Hirohito encourage the American, "Step on it, kid; ya got gas and rubber to burn!" (See Appendix, Figure 5). The ironic humor in this cartoon points out how people driving unnecessarily and wastefully are essentially appeasing the Germans and the Japanese by depleting the supplies available to the soldiers fighting the war. Theodor Seuss Geisel thus insinuates that anyone not working to conserve gas and rubber is a joy rider and is giving a free ride to the Axis powers.

A second cartoon depicts a representation of Mount Rushmore, with Hitler and Hirohito's faces carved into the mountains. With snide looks on their faces, the two tyrannical leaders are labeled as the Liberators of America as people come to marvel at the statues. With a Nazi flag flying over an American flag in the distance, Seuss then makes an impassioned plea, "Don't let them carve THOSE faces on Our Mountains! Buy United States Savings Bonds and Stamps!" (See Appendix, Figure 6). 41 Here the cartoon urges viewers to help fund the war effort by

Minear, Richard. <u>Dr. Seuss Goes to War: The World War II Editorial Cartoons of Theodor Seuss Geisel.</u> New York: The New York Press, 1999: 36.

⁴¹ *Ibid.*, 146.

buying United States Savings Bonds. Implied is the idea that every person and every dollar makes a difference, and without ample funding the United States can never win the war.

The third cartoon, from March 5, 1942, includes another ultimatum to the American individual. Showing a small figure labeled "You" facing a giant poster of Hitler and Hirohito the message reads, "What have YOU done today to help save your country from them?" (See Appendix, Figure 7). 42 Similar to the previously described cartoon, this one badgers Americans to evaluate what they do daily to help the war effort, and to see if they can't find it within themselves to make more sacrifices to prevent a German and Japanese victory. An August 21, 1942 cartoon again proposes that too few Americans are carrying the burden and that everyone should chip in to do their part. Titled, "We'll Need Changes in the Old Victory Band Before We Parade in Berlin," the scene depicts a condensed marching band. At the lead is a tiny American labeled "Few of us go full blast." He carries an enormous tuba-like instrument many times larger than himself and plays it to his full capacity. Behind him dawdles a very large man capable of carrying the tuba and labeled "Most of us doing too little." This man strolls along quite carelessly smoking his cigarette and playing his tiny musical triangle (See Appendix, Figure 8).⁴³ Again the message behind this cartoon is to shame those not contributing to the war effort into taking on their share of the burden and helping propel the United States to victory over Germany.

Dr. Seuss focused primarily on the sacrifices to be made by the America public, but he also made a number of cartoons about war profiteers. In one he warns, "Beware the Man Who

⁴² *Ibid.*, 148.

⁴³ *Ibid.*, 219.

Makes a Fortune in a Flood!" Depicted is a torrential downpour with the Nazi Swastika etched into the rain. A terrible flood has risen up above the houses so that people have been forced to seek refuge on their roofs. In the midst of the disaster, a handsomely dressed man labeled "profiteer" with grin on his face and a cigar in his mouth rides around in his boat filled with umbrellas and a ringing cash register filled with money. This man is only too happy making money selling umbrellas so that the poor citizens can shield themselves from the Nazi downpour (See Appendix, Figure 9).⁴⁴ The final Dr. Seuss cartoon discussed here again returns to the topic of personal sacrifice and its importance to the war effort. This illustration shows the giant hands of Uncle Sam with a mallet and splitting wedge. Representing "our placid conceit" is a little apathetic man dressed in fine clothing and paying attention only to his cigar. As the wedge, representing "the hard, cold fact that we can't win this war without sacrifice," bends and breaks against the man's head under force from the mallet, the title reads, "Can't Pound It Into His

Many other Seuss cartoons repeat these sentiments calling for sacrifice on the part of everyday Americans for the war effort. Ranging from recycling scrap metal, being careful not to share any information that might help the enemy, not engendering wishful idealism, promoting enlistment, enrolling in the Payroll Savings Plan, understanding nylon shortages, and many more topics, cartoons played a vital role in rallying Americans to support the war through their actions. Dr. Seuss employed his pen to enlist all Americans in support of the war and he was not the only one to do so. An editorial cartoon in the February 1, 1942 edition of The New York

Times depicts a rough and rugged road to victory with Uncle Sam as the chauffeur of the car and

⁴⁴ *Ibid.*, 245.

⁴⁵ Ibid., 220.

an American family sitting in the back. Stopping in front of the difficult road, Sam turns around in the car labeled "Peacetime Comforts" and tells the family, "All out" (See Appendix, Figure 11).⁴⁶ These cartoons make the case of the importance sacrifice had in winning World War II and explain why Americans would have viewed war profiteers so negatively. Even as they continued to give and give in support of the war, these select few cowards became rich off the sweat and blood of the nation. These characters are aptly depicted in two movies about World War II.

"The Third Man," directed by Carol Reed in 1949, closely followed the end of the Second World War. While more of a mystery and thriller type genre, the film focuses on the apparent death of a war profiteer named Harry Lime. Living in Vienna, Harry made a fortune stealing depleted penicillin supplies from military hospitals, diluting the doses, and selling it to civilians. Many of his customers died from a lack of proper treatment. People who know Harry seem unmoved by his death, describing him as "the worst racketeer that ever made a dirty living in this city." This depiction of the profiteer is only reinforced when Harry's friend Holly Martins discovers that the death was staged and finally encounters his old buddy. Harry turns out to be a terrible person, doing anything for a profit and not caring about the people affected whatsoever. Completely disgusted by his old friend's actions, Holly proclaims that Harry deserved to die, describing it as justice and saying that he would have killed the man himself if he had been given the chance. ⁴⁷ This moment of foreshadowing likely reflects the opinion of many viewers of the

[&]quot;The American Scene." <u>New York Times</u> (1857-Current File), February 1, 1942. http://www.proquest.com/ (accessed April 3, 2008).

⁴⁷ The Third Man. Dir. Carol Reed. London Film Productions, 1949.

time who also would have viewed the death of the despicably profiteering Harry Lime as a simple matter of justice.

Another film produced in 1993 introduced the world to one of the most famous war profiteers of World War II, in "Schindler's List." While it was created approximately fifty years after the fact, the movie still provides accurate depictions of war profiteers at their worst. By ingratiating himself with the SS, Oscar Schindler made the necessary business connections to enrich himself during World War II. Knowing well that the Jews are in danger and have no bargaining power, he proceeded to hire a Jewish accountant to run his operations and bullied wealthy Jews into providing the capital for his factory while offering them little compensation in return. One particularly striking moment is the evacuation of a wealthy Jewish family into the Ghetto. Not fifteen minutes after having been removed from their home, Schindler enters to set up his new headquarters and immediately begins enjoying the luxuries of the expelled inhabitants. The war profiteer's behavior does not soon improve. Supplying rare foods, fancy liquors, caviar, women and other gifts at lavish parties, Schindler is able to secure army contracts and then supply orders using slave labor. Experiencing wild success from his new business, Oscar Schindler reflects on why this one has flourished where all others have failed. He concludes that prior businesses fell short due to no fault of his own, but because they were missing something beyond his control; something he needed but couldn't create: "War." The fact that Oscar Schindler repents as the war progresses is the major theme of the movie, however the representations of the war profiteer prior to his revelation is a valuable embodiment of what war profiteers did during World War II.

Furthermore, even if American profiteers conducted business in a much less reprehensible manner, the image of Oscar Schindler was one which resonated with many Americans. Sitting up in his lavish office eating an exquisite lunch while the Jewish laborers toil down below, Schindler is completely dismissive of the man who comes to thank Oscar for saving his life. When the army stops his employees on the way to work to shovel snow and then executes a man, Schindler complains to the commandant of the lost production hours. After pulling his accountant off a train headed for the concentration camps, Schindler laments what would have happened to his manufacturing schedule if he had gotten there five minutes later. Up until the moment of his enlightenment, Schindler represents the worst of humanity and its greed—caring only about production and showing no emotion at the destruction of Jewish life all around him. This realization did not escape Schindler in the end, stating, "I'm a Nazi Party member. I'm a munitions manufacturer. I'm a profiteer of slave labor."

Profiteering as previously described was a serious source of hostility for Americans during World War II. Besides being despicable and unforgivable, it was regarded as evil opportunism deserving of forfeited citizenship and even death. The World Wars represented the last bastions of pure anti-profiteering in which war profiteers were vilified and serious political movements sought to remove the profits from war. While many of the grievances characteristic of these conflicts rose again during subsequent wars, the American public failed to take hold of the issue as it once had. By the end of the Second World War, the military industrial complex which President Dwight Eisenhower would later warn against had already begun to take hold, the nature of war industry was transforming from the individual to the corporation, and the

⁴⁸ Schindler's List. Steven Spielberg. Amblin Entertainment, 1993.

perceptions of war profiteers had begun to change. The 1993 representation of Oscar Schindler as a hero for saving Jews during World War II despite his war profiteering is a clear sign of these changing attitudes.

Changing Perceptions: Korea and Vietnam

Public sentiment is most easily compared in terms of old and new perceptions; old being the First and Second World War and new the Wars in Iraq. What happened in between during the Cold War was a slow but steadily changing process in the nature of the war industry as well as public contribution to the war effort. During the Korean conflict, which lasted three years and killed over 54,000 Americans, barely a mention of profiteering is to be found in popular media. During the Vietnam War, any mention of profiteering focused primarily on corrupt Vietnamese getting rich by theft and black-market trade. An impetus behind this changing nature was privatization of military services and the emergence of the corporate defense contractor as the driving force behind all military operations.

Searches for war profiteers during the Korean War in historical databases yielded meager results compared to those of earlier conflicts. In fact, using the same criterion as in previous searches, only three articles concerning war profiteers emerged. An editorial comment in the Los Angeles Times in 1950 took issue with the idea that if businesses know their profits will be limited during times of war then they will have no incentive to produce. The author argues that the businessman should find his sense of loyalty and patriotism to give up profits as his compatriots give up homes and jobs while enduring lower standards of living. Again the familiar call rings out, "Let's be fair about this thing and have everyone contribute to the war

[&]quot;The Korean War." Korean War Veterans Memorial. April 27, 2008. http://www.nps.gov/kwvm/war/korea.htm.

effort."⁵⁰ Furthermore, a short 1953 notice explains how a profiteer was fined \$10,000 for a fraudulent tank-parts deal,⁵¹ and a 1952 article by Alexander Holmes argues that to discuss war profiteering is equivalent to skating on thin ice, and that "we are tolerating a policy which promises no ending at all. The free world may be falling in love with this profitable war economy.⁵² Here, hardly seven years after the end of World War II, the message seems to have already changed from outrage and enacting justice to a feeling of inevitability and helplessness. One cartoon was to be found on profiteering during the Korean conflict. A hoarder with his picnic basket and a fat profiteer with a pig's head look up in eager anticipation as rising smoke represents the developing Korean crisis. The message below reads, "Something Cooking?" (See Appendix, Figure 12).⁵³ The results of this search, however, pale in comparison to even the First World War, which was a much shorter involvement for the United States than was Korea. While this conflict did see a marked decrease in the mention of profiteering, perceptions had not yet completely changed. Transitions from individualized to corporate profiteering were well underway but not yet complete, and public perceptions still had a lot of catching up to do.

The original release of "The Manchurian Candidate" in 1962 provided a complicated reference to profiteering in that it dealt with power instead of money in an anti-communist element. In the film, Sergeant Raymond Shaw's platoon is captured and brainwashed during the Korean War. Raymond is turned into a weapon who has been trained to kill and then have no

[&]quot;Letter to the Times." <u>Los Angeles Times</u> (1881-1986), September 26, 1950. http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;War Profiteer Fined \$10,000." <u>Los Angeles Times</u> (1881-1986), February 4, 1953. http://www.proquest.com/ (accessed April 22, 2008).

Holmes, Alexander. "Who Gains From War?" <u>Los Angeles Times</u> (1881-1986), July 28, 1952. http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;The Cartoonists Vent Their Scorn on Hoarders and Profiteers." <u>Los Angeles Times</u> (1881-1986), July 23, 1950. http://www.proquest.com/ (accessed April 3, 2008).

memory of having killed, thus having no guilt and no fear of being caught. All of this is a ploy by his Soviet-agent mother for political power. Entering into an agreement with the Communist enemy, she gave them Raymond's platoon to brainwash so that she could facilitate the murder of the President and maneuver her impressionable husband into the White House. In her climactic monologue Raymond's mother explains,

I served them. I fought for them. I'm on the point of winning for them the greatest foothold they will ever have in this country and they paid me back by taking your soul away from you. I told them to build me an assassin. I wanted a killer from a world filled with killers and they chose you because they thought it would bind me closer to them... When I take power they will be pulled down and ground into dirt for what they did to you.⁵⁴

The power-hungry and manipulative mother is a profiteer of the Korean War in that she is a traitor who uses the Soviets for personal political gain. Her motives represent a stark contrast from when the film was reproduced approximately forty years later. Similarly, during the Vietnam War, news of war profiteering continued to reach the American public. The major difference was that the focus turned to Vietnamese rather than American profiteers.

For a number of reasons, war profiteering was beginning to change during the Cold War, and the Vietnamese conflict can be considered the turning point. While movement was underfoot during the previous decades, the developments of the Vietnamese War created an environment in the United States conducive to the brand of war profiteers that has developed. A few articles in major newspapers detailed instances of profiteering occurring during the war.

⁵⁴ The Manchurian Candidate. Dir. John Frankenheimer. M.C. Productions, 1962.

Stories of a couple selling items to military bases and utilizing kickbacks and black markets, ⁵⁵ the problem of corruption in distribution of US aid to Vietnam, ⁵⁶ and calls to curb profiteering still found their way onto the headlines of America's news. ⁵⁷ Similarly, some of the outrage characteristic of previous conflicts managed to find their way into mainstream media. In response to news that a wealthy war profiteer in Saigon had been executed, one man wrote, "If anyone takes it upon himself to profit from the misery of his countrymen to the detriment of the national security, he must be ready to take the consequences. The profiteer's punishment was not excessively cruel." While many of the articles repeat previously described attitudes, two stray from the traditional profiteer-bashing to examine the changing nature of profiteering.

A May 3, 1968 article in <u>The New York Times</u> scrutinizes the transformations profiteering has undergone and the inability of the Government to do anything about it.

Speaking of the Renegotiation Board which is responsible for eliminating excess profits on Government contracts, the author says that "in 1952 the board had about 550 employees. Today it has about 180, though the level of defense procurement has increased from \$25 billion to over \$45 billion in the past few years." In reflecting the American public's waning interest in the persecution of war profiteers he complains that "despite all the cries about 'inequality of sacrifice' in the Vietnam war, there has been less of an outcry about the 'profiteering' this time

Aarons, Leroy. "Couple Is Accused of War Profiteering." <u>The Washington Post</u> (1877- Current File), November 22, 1969. http://www.proquest.com/ (accessed April 22, 2008).

[&]quot;Corruption is Taking Up to 40% of U.S. Assistance in Vietnam." New York Times (1857-Current File). November 13, 1966. http://www.proquest.com/ (accessed April 22, 2008).

⁵⁷ "War Profiteer Curb Sought." <u>The Washington Post</u>, (1877- Current File). March 13, 1966. http://www.proquest.com/ (accessed April 22, 2008).

⁵⁸ "Letters to the Editor of The Times." New York Times, (1857-Current File). March 23, 1966. http://www.proquest.com/ (accessed April 22, 2008).

than in any recent American war."⁵⁹ A later article from 1971 reveals the efforts of Defense contractors to hide their excessive profits. It outlines certain contractors who experienced 240 percent profit while proclaiming modest earning and reports that munitions manufacturers tripled their earnings. It goes on to explain how most airplane, electronics, and oil companies employ retired generals or admirals on their boards who play a major role in procuring contracts from the Defense Department.⁶⁰ Here lies a major factor behind the transforming nature of profiteering. By the end of the Vietnam War, the Military Industrial Complex that President Eisenhower had warned America against had taken hold and the faceless corporation took over as America's top war profiteer.

As Richard Kaufman explains in his book, The War Profiteers, the United States underwent a drastic change after World War II and entering into the Cold War. For the first time, America found it necessary to maintain massive military preparedness during a time of peace. For the fiscal year 1950, the military requested funding to the sum of \$30 billion while its budget of \$15 billion the previous year had already consumed nearly a third of the federal budget. This massive request for military expenditure is but an example of many subsequent granted requests for increased military funding. The established relationship between the government and defense contractors resulting from increased funding and the purchase of billion-dollar defense initiatives changed the structure of defense spending and thus ended the public's concern and outrage for war profiteering. As Kaufman explains, the end of World War

Reston, James. "Washington: The New 'War Profiteers." <u>The New York Times</u> (1857-Current File). May, 3 1968. http://www.proquest.com/ (accessed April 22, 2008).

Anderson, Jack. "Defense Contractors Hide Big Profits." <u>The Washington Post</u> (1877- Current File). February 24, 1971. http://www.proquest.com/ (accessed April 22, 2008).

⁶¹ Kaufman, Richard. War Profiteers. Indianapolis: Bobbs-Merrill, 1970: 23.

II did not exhibit the cries of retribution and justice against the profiteers as World War I had. While many voiced anger over the massive profits made from the war, the topic declined and then altogether disappeared from public debate. This resulted directly from the government's continued high military spending even after the war had ended. With spending at permanent wartime levels, the contrast between war and peace economies ceased to exist, and with it any notion of "normal and abnormal government spending and government contracting activities, and between accustomed and unaccustomed defense production and corporate growth. It was no longer easy to measure 'wartime' profiteering. Mobilization for war became the norm."62 Furthermore, in response to the perpetual 'wartime' spending, the government and industry forged an institutional relationship which created the perception that war profiteering had been stemmed and brought under control. The United States Government declared through its actions that it had established the controls necessary to eliminate war profiteering and that any excessive profits earned through defense contracts would be repaid and punished. Industry simultaneously aligned itself with the government, proclaiming its commitment to avoid exorbitant profiting while joining the defense-industry and space-industry teams.

Meanwhile, "The public, unable to comprehend the meaning of billion-dollar programs, terrified by the possibility of nuclear war, awed by the complexity of modern defense systems and denied access to military secrets, for the most part went along." Through this restructuring of the defense industry and the rise of corporate defense-contracting, the American public lost sight of the war profiteering issue. Not until the end of the Vietnam War, however, did this change fully take hold. The end of America's controversial policy of mandatory military

⁶² *Ibid.*, 26.

⁶³ *Ibid.*, 26-27.

conscription left a huge void in U.S. military capabilities. Left with only a volunteer army, the Defense Department relied heavily on private contracting companies to fill the gap in manpower and perform support services for military forces. With this new reliance on private contracting, the defense industry had found its permanent foothold and had become indispensible to the war effort. In addition, the draft had represented the American citizen's last personal sacrifice in support of the war effort. America's astounding economic growth and purchasing power had made it possible to conduct military operations abroad without economic repercussions at home. Without the draft, nothing remained for the American people to contribute. The Defense Department had learned that the American people were unwilling to support a war which caused them great personal sacrifice. By removing these constraints, the military was allowed to operate in future conflicts without the previous levels of public scrutiny, and the question of war profiteering disappeared altogether. It is through this transformation that the current perceptions of war profiteers are analyzed.

Current Perceptions: Iraq

Contemporary perceptions of war profiteering present a difficult challenge for analysis in that they largely do not exist. Accustomed to three decades of burden-free military operations, the American people have become complacent in their reactions to war and the news of war profiteering. Searches for war profiteering in newspaper archives pertaining to the Gulf War yielded no hits of any significance. Any criticisms were leveled at the defense industry's contracting system and were too complicated for the average citizen to comprehend. While one commentary decried General Schwarzkopf's \$5 million book deal and very expensive speaking

engagements profiting from his experiences in the war, the connection to traditional profiteering was quite tenuous and many more articles blasted the author for his unpatriotic criticisms of the general. Americans have become accustomed to a life where they sacrifice nothing for their country in times of war as well as peace. The United States Government further reduced the American public's scrutiny of military operations by conducting wars without even raising taxes, therein entirely eliminating any public sacrifices whatsoever. The combination of a complicated, corporate defense-industry structure and a removed public contribute to an American public completely void of outrage against war profiteers. While serious scandals have erupted involving specific contractors and a small population of motivated activists have campaigned against the profiteering occurring in the second Iraq War, the general American public remains entirely disinterested in the topic and the brand of war profiteer remains largely absent from popular media. One company has attracted more attention than any other and limited charges of profiteering have been leveled against it to no real consequence: Halliburton.

Much of Halliburton's notoriety stems from its former relationship with Vice-President Dick Cheney and his perceived influence in awarding the billions of dollars in no-bid contracts to the company. Political controversy aside, however, Halliburton has been the subject of multiple scandals involving fraud, bribery, and acts of war profiteering—even if the terminology remains missing from the debate. A search of "Halliburton" within the recent archives of major newspapers results in a seemingly endless supply of headlines on the company's scandals. From

McCarthy, Colman. "Schwarzkopf's Price for Glory." <u>The Washington Post</u> (1877- Current File). June 30, 1991. http://www.proquest.com/ (accessed April 22, 2008).

a Nigerian Inquiry,⁶⁵ to overbilling in the Balkans,⁶⁶ S.E.C. accusations,⁶⁷ accounting fraud,⁶⁸ accusations of reckless endangerment,⁶⁹ and numerous accounts of overbilling and fraud in Iraq, Halliburton has received widespread negative press and is very controversial among the American public.

A March 15, 2005 article in The New York Times reported a Pentagon audit finding Halliburton had overbilled the government by more than \$108 million. Considering the claims of fraud, overbilling, waste, bribery, or greed, the damage to Halliburton's reputation has been astounding. Yet the company's stock has performed extraordinarily. For a company involved in so many scandals and viewed so negatively, Halliburton has continued to make windfall profits. On September 12, 2002, as President Bush began making the case for war against Iraq, Halliburton's stock closed at \$14.00 per share. A few months later, on the eve of the invasion it was at \$21.11. On the one-year anniversary of the Iraq war Halliburton's stock had risen to \$29.48. On the second-year anniversary it was at \$43.54. By April 20, 2006, Halliburton's stock had skyrocketed to \$82.80 per share before enacting a 2:1 split on July 17 (See Appendix, Graph 1). Furthermore, the company's balance sheet figures have ballooned. For the fiscal year 2002, Halliburton reported \$119 million in gross profit. By the end of fiscal year 2007 that

[&]quot;Halliburton Severs Link With 2 Over Nigeria Inquiry." <u>The New York Times</u>. June 19, 2004. http://www.nytimes.com/ (accessed April 22, 2008).

[&]quot;Halliburton Unit to Settle in Balkans Case." <u>The New York Times</u>. November 30, 2006. http://www.nytimes.com/ (accessed April 22, 2008).

Norris, Floyd. "Halliburton Settles SEC Accusations." <u>The New York Times</u>. August 4, 2004. http://www.nytimes.com/ (accessed April 22, 2008).

Morgenson, Gretchen. "Suit Accuses Halliburton of Fraud in Accounting." <u>The New York Times</u>. August 6, 2004. http://www.nytimes.com/ (accessed April 22, 2008).

Glanz, James. "Truckers Testify that Halliburton Put Lives at Risk." <u>The New York Times</u>. September 19, 2006. http://www.nytimes.com/ (accessed April 22, 2008).

Eckholm, Erik. "Halliburton Overcharged \$108 Million, Report Says." <u>The New York Times</u>. March 15, 2005. http://www.nytimes.com/ (accessed April 22, 2008).

⁷¹ "Halliburton Co." Yahoo Finance. http://finance.yahoo.com/ (Accessed February 21, 2008).

figure exploded to \$3.7 billion.⁷² The public backlash compared to that during the early twentieth century has been virtually nonexistent. The average American apparently doesn't care. While political satire and criticism abound, they have failed to reverberate within the general population as evidenced by the absence of the topic of profiteering from the Presidential campaigns and political debate. Many cartoons link Halliburton's political connections to its profiteering and the personal attacks against the company have continued to spread. One shows Vice-President Cheney at the helm of a tank labeled "Halliburton" robbing Uncle Sam at gunpoint of taxpayer dollars while exclaiming, "Your wallet. In the bag. Chop-Chop." (See Appendix, Figure 13).⁷³ In another, a Halliburton cargo plane loaded full with money prepares to depart as two businessmen wave goodbye to a soldier carrying a sack labeled "Iraq War." The man calls out to the soldier, "Thanks. It's been a treasure." "*Pleasure*," corrects his associate (See Appendix, Figure 14).⁷⁴

The documentary genre has provided further criticism of Halliburton and its actions. The film, "Iraq for Sale" by Robert Greenwald focuses on Halliburton but recognizes the war profiteering of other private defense contractors as well. Over 100,000 private contractors are in Iraq, Kuwait, and surrounding areas supporting the military's efforts in the region. Many companies such as Parsons, DynCorp, Transatlantic Training, and Blackwater have received lucrative contracts worth billions of dollars. Halliburton, however, takes the prize with \$18.5 billion in reconstruction and troop support. Kellogg, Brown, and Root, formerly a subsidiary under Halliburton, was put in charge of many of these contracts. Using mostly foreign

⁷² "Halliburton Company." Google Finance. http://finance.google.com/ (Accessed February 21, 2008).

^{73 &}quot;Halliburton Cartoons," search. Google Images. http://images.google.com/

⁷⁴ *Ibid.*, np.

employees from Pakistan and India, KBR performed many of the tasks traditionally executed by the army such as building bases, doing laundry, repairing radios, performing maintenance on engines, transportation, and other functions. Among many of the claims leveled against Halliburton were that it exposed troops to Malaria and other diseases through contaminated water. It furthermore has \$1.8 billion in unsupported costs for providing food and housing. Six packs of soda produced locally and given to soldiers for free were billed to the government at \$45 by Halliburton. In another scandal, laundry was washed at the fee of \$100 per bag. Inherent to the problem is a cost-plus arrangement governing the contracts in which the more tax dollars are spent, the more they are reimbursed and earned from the government. The system urges a run-up on costs in order to receive a percentage of the end result. Thus, when the wrong supplies were ordered or if computers, trucks, or any other equipment broke, rather than try and fix them they were piled into massive burn pits and destroyed. Under this system, according to Democratic Congressman Henry Waxman of California, Halliburton has charged \$1 billion in unreasonable and unsupported bills.⁷⁵

Halliburton's actions have been the subject of satire in media and popular films. In 2004, "The Manchurian Candidate" was reproduced to reflect modern American Society. While still largely following the original script, a major deviation is that while the original film focused on the traitorous mother's political ambitions, the reproduction adds a corporate element. The super-powerful corporation Manchurian Global partners with Raymond Shaw's mother in order to put a sleeper in the White House subservient to the company's will. Throughout the film, tidbits meant to be background noise but representing clear parallels to Halliburton shape

⁷⁵ <u>Iraq for Sale</u>. Dir. Robert Greenwald. Brave New Films, 2006.

Manchurian Global as an evil empire. As the camera pans over the New York City skyline, a news brief plays: "Pentagon Watchdogs today accused the private equity fund Manchurian Global of grossly overpricing plasma, and other critical medical supplies during the recent Indonesian incursion—even as the company secured a half billion dollar no-bid contract to provide combat support services to American soldiers worldwide." The subconscious references continue throughout the film. As the TV plays in the background, a comedian does a bit about Manchurian Global, saying they make warheads in China and train freedom fighters in Nicaragua. Later on, microfiche headlines running across the screen show similar news: "Manchurian Global to supply private army for Belarusian war." "Saudi Arabia signs contract with Manchurian Global." "Manchurian Global CEO blasts Congress: We're the good guys." The parallels go on throughout the movie, and it is clear that the evil, powerful, profiteering corporation is the source behind the conspiracy.

While the comparison between both "Manchurian Candidates" provides entertaining analysis of the changes from 1962 to 2004 and shows the transformation from Soviet to corporate evils, it does little more. The second film focuses on a corporation hijacking the government and undermining democracy. This view of conspiring corporations is an area which requires further consideration, but the allusions to war profiteering and parallels to Halliburton are what contribute valuable perceptions to this research. Also inherent to the second film is the reality that the American public pays no attention to war profiteering anymore. Public sentiment has gone even further astray, however, than simple ambivalence when discussing modern war profiteers. Society has changed so much that people admire companies like Halliburton, and

⁷⁶ The Manchurian Candidate. Dir. Jonathan Demme. Paramount Pictures, 2004.

⁷⁷ *Ibid.*, np.

even clamor for the opportunity to work for them. Millions of Americans bought Halliburton stock and proudly made healthy returns on their investments. Justine Amos, a student at American University explains how her grandfather is one of these Americans. "Right after September 11th, my grandfather bought stock in Halliburton, Boeing and other defense industries, and now proudly wears a Halliburton hat. Even though he is technically making money off of war spending, I never considered him a war profiteer."⁷⁸ The change in perception from loathsome criminal to admirable business enterprise is shocking.

While many have tried to reform the industry and alter the structure of private military contracting, calls for change have fallen on deaf ears. Reform failed during the 1930s with strong public backing; therefore any attempt without the American public's support is doomed to fail. Some Americans have recognized the disproportionate burden of war, and acknowledge the correction of this imbalance as the key to preventing future wars. On November 19, 2006, Representative Charles Rangel of New York promised to propose legislation to reinstate the draft in order to equally spread the burdens of war and prevent politicians from engaging America in unnecessary military action. The idea of reinstating conscription in the United States is wildly unpopular. Proposals have failed in the past and will fail again in the future. The American public has become completely adverse to personal sacrifice, even as their compatriots fight and die in the deserts of a strange and far-away land. Not only would Americans refuse to ration, buy bonds, conserve electricity, or pay higher taxes, but they also denounce any change in their lifestyles whatsoever. The first signs of unpopularity for the war in Iraq also corresponded

⁷⁸ "Interview with Justine Amos." Washington, DC, April 25, 2008.

⁷⁹ Heilprin, John. "Rep. Rangel Will Seek to Reinstate Draft." The Associated Press. November 19, 2006.

closely with the beginning of increased gas prices. This leads to an interesting question of whether the war would ever have happened if Americans had faced higher taxes in order to fund it. I purport that the answer is no. The American people have ignored and occasionally embraced the greed they once decried in war profiteers of the early twentieth century. They are fully willing to send others' youth to fight and die in wars so long as they don't have to pay fifty extra cents per gallon of gasoline. Americans gladly share in the bounty of war profits but protest angrily at the notion of higher taxes. The American people no longer scrutinize war profiteering because they now seem to identify with the greed that drives it. The majority of Americans would rather not be bothered by the idea of individuals profiting from the horrors of war and choose not to acknowledge it. As the American people have stepped down from their responsibilities to support war efforts, corporations have gladly taken their place at great gain. Unless the burdens of war are reapportioned to be shouldered by all Americans, war profiteering will continue to occur largely unnoticed. The first logical step in this direction is implementing higher taxes whenever the United States fights a war, but the prospects of this are unlikely. The slightest sacrifices on the part of the American people can change this trend and return the profession of war profiteer to the evil depths where it belongs, but short of a major war which seriously threatens U.S. security and the American way of life, such sacrifices are unlikely to happen.

Appendix

Figure 1



Figure 2

SPRING POEMS

Convictot: 1917: By John T. McCulcheen.



This is the count, the orders the

mosts,
And assess then in lades amounts.
Money's no phycel, she orders the
best
For she doesn't pay the accounts.



This is the woman with accerations Aud all of them arreadly eal. She ought to cut down on the foad that they mee.

They help raise the cost of meat.



This is the man who won't realist. That the country by really at war, just wall till he many what his in. come lax 4s.

And then he will residue alore



This is the loan who hourds the food And walls for a rise in the price. It glosus at the thought of what is will grin. Which is retinistly not very alos.

This is the compa wis cals for much.

"Waste" is the middle mane.

"Where" is her middle mann.
A megiless day seven times a week
Would etherendize her frame.



This is the mun who louthes the Rocket. The hates the Parl-der,

Atways the first to wave the Suy-

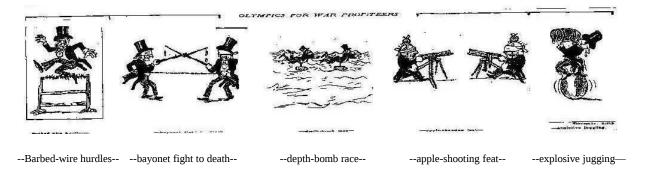
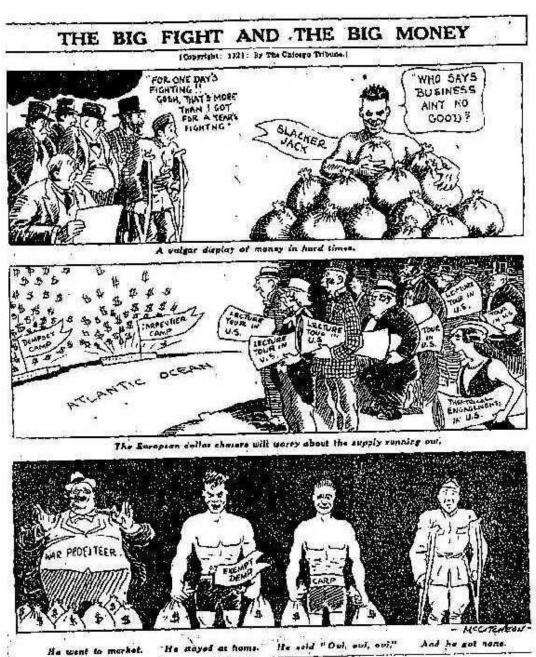


Figure 4



Industry		1939	1940	1941	1942	1943	1944	1945	1946
1	Brass	12,000	20,000	21,000	20,450	20,400	20,400	20,900	21,250
	Brass	10,000	10,000	10,000	10,000	10,000	10,000	10,666	12,000
	Engines	N/A	7,500	9,925	25,735	25,508	44,113	73,041	24,307
	Aluminum	12,335	14,489	19,902	14,422	19,901	19,901	23,000	N/A
	Brass	5,200	7,809	14,018	18,000	18,000	18,000	18,035	18,008
	Brass	N/A	5,269	10,848	25,928	11,907	17,800	16,236	16,440
	Aluminum	3,840	4,300	6,000	12,166	21,479	25,499*	14,852*	N/A
	Aluminum	7,920	12,160	15,000	15,000	15,000	15,000	N/A	21,600
-	Steel Fabrication	4,079	2,099	5,109	9,088	21,741	17,396	18,578	6,000
-	Battery	12,647	11,897	12,874	13,093	13,440	14,040	23,040	15,040
	Rubber	15,000	25,000	27,500	50,000	50,000	50,000	50,000	50,000
	Aluminum	8,400	8,400	8,400	N/A	N/A	13,566	15,600	12,600
	Rubber	7,500	7,500	18,261	34,018	39,106	62,815	82,635	72,500
	Steel Fabrication	20,000	20,000	30,000	21,500	20,200	20,200	20,700	20,550
	Aluminum	12,000	13,000	20,000	25,000	25,000	25,000	25,000	34,700
	Shipbuilding	3,600	15,000	15,569	25,000	25,000	25,000	25,000	25,000
	Iron Castings	N/A	20,066	30,000	33,500	33,500	33,576	33,510	35,550
	Engines	33,000	33,000	33,000	33,000	33,000	33,000	33,000	48,583
	Engines	5,625	15,025	15,905	31,708	29,750	33,750	33,750	42,500
19.	Liigines	5,025	20,020						(continued
[abl	e 2 continued.								
Industry		1939	1940	1941	1942	1943	1944	1945	1946
20.	Engines	10,000	12,000	12,000	15,000	17,250	18,250	28,512	31,000
	Machine Tools	14,046	16,693	28,410	23,674	23,674	23,699	24,130	23,674
22.	Machine Tools	14,082	26,468	18,850	34,550	38,800	33,800	33,800	33,800
23.	Machine Tools	24,000	45,000	86,000	86,000	86,000	60,000	N/A	N/A
24.	Machine Tools	3,600	3,600	8,600	12,326	11,663	12,537	18,484	15,068
	Mean Salary	11,375	14,845	19,882	25,619	26,547	27,181	29,430	27,627
	% Increase		30.51	33.9	28.9	3.6	2.4	8.3	-6.1

Figure 5

Civing the Axis a Lift



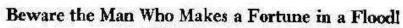
Figure 6





We'll Need Changes in the Old Victory Band Before We Parade in Berlin







Can't Pound It Into His Head!



THE AMERICAN SCENE



Herblock in The Lynchburg News

"All out."

Figure 12



Graph 1

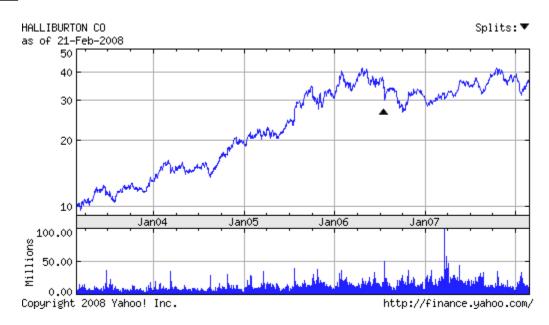


Figure 13

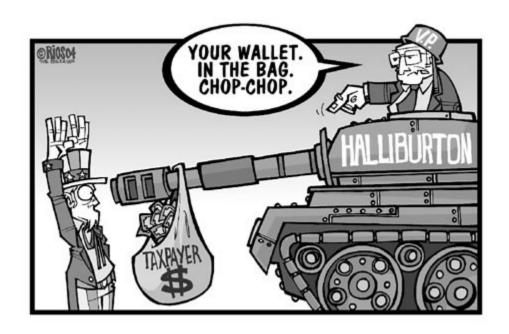


Figure 14



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