Military Industrialization and the Reshaping of Local Political Economies in the United States, 1965-2000

How does military spending shape local political economies? Deindustrialization, neoliberal state policies, and their effects on local economic structures, patterns of inequality, and political change have been a central theme in historical and political sociology. While the role of the military industry remains relatively understudied in historical political sociology, more recent historical and sociological scholarship (e.g., Corey Payne, Jennifer Mittelstadt, Mark Wilson, and Tim Barker) has begun to foreground the role that the military industry has played in reshaping the political and economic geography of the United States. Building on the macro-level theoretical and historical insights from this emerging body of work, this project leverages novel historical data on military prime contracts (1965-1980) to study the geographical unevenness of how military industry reconfigured American society and how such regional heterogeneity has generated unintended political and social consequences. Combining computational methods and historical case studies, this project attempts to provide a granular geography of military industry in the United States and to uncover social processes through which military industrial developments reshaped American labor structure and patterns of social inequality.

The question of how military spending shapes political and economic structures could not be more timely. In Washington, DC, London, Paris, and Berlin, political leaders of various stripes now speak uniformly about increased military spending as not just a national security necessity but as an economic boon. At first blush, this may seem true enough. In the context of the US industrial production of military goods has remained exceptionally persistent in the midst of neoliberalism and deindustrialization, suggesting that increased military spending could provide a haven for industrial workers or even a path toward reindustrialization. What these political leaders seem not to understand, or perhaps conveniently overlook, are the long-term local costs that come with military contracts. At the ground level, work in military goods factories can be more or less dangerous than other kinds of production work. During the Vietnam War, for example, hundreds of production workers in the top secret wing of an Iowa ammunition plant fell ill to an unexplained mystery illness, likely related to the United States' liberal use of chemical weapons during that war. At a higher level of abstraction, absorption into a military-industrial complex threatens to subjugate a local economy to the capricious whims of state monopsony. Even when incumbent advantage virtually guarantees that a given firm will face no real competitors for its specific military product, a political decision to discontinue a weapons platform or communications technology can immediately shutter an otherwise thriving factory - and carry negative downstream effects throughout decentralized production chains. For many areas, the closure of a military goods factory is just the beginning of a bureaucratically complex and often indeterminate environmental clean-up process. All of this is to say that the relationship between military spending and desirable economic and social outcomes is anything but straightforward.

During the Cold War, political economists like Michał Kalecki, sociologists like C. Wright Mills, and public intellectuals like Seymour Melman and Victor Perlo made the relationship between military spending and production on the one hand and economic and social structures on the other central to their intellectual work. Study of the military-industrial complex waned with the end of the Cold War and, save for important work by the economist Ann Markusen and her co-authors, military industry and spending was conspicuously absent from historical and sociological studies on deindustrialization and the neoliberal turn in state policy. Today, recent work by sociologists, historians, and political scientists demonstrates that military industry and spending are load-bearing struts in the social structures that stretch across the twentieth and twenty-first centuries, especially in the United States. Sociologist Corey Payne (2023; forthcoming) argues that worker unrest shaped the transition from mass mobilization war-making to neoliberal war-making in the United States. Political scientist Rebecca Thorpe's analysis of novel data in The American Warfare State (2014) uncovers powerful structural incentives that drive bipartisan consensus to maintain and increase military spending. Historians have been especially important to this new literature. Mark Wilson's book Destructive Creation (2016) sets the stage by emphasizing the decisive role of state investment and economic management in building the United States' vast Arsenal of Democracy during World War II, and his subsequent work with Jennifer Mittelstadt (2022) tracks the various cycles of privatization that placed state investment into private hands. Mittelstadt's book The Rise of the Military Welfare State (2015) follows the blossoming of comprehensive welfare services for American military personnel under the Reagan administration. Tim Barker's recently completed dissertation argues that military spending was a primary economic tool of the postwar "golden years" of US capitalism.

This paper contributes to this literature through a mixed methods study of how military-industrial contracts affected local (country/city-level) political economies in the United States in the later twentieth century. Our data include a novel dataset compiled through digitized primary sources and publicly available government data on military prime contracts. This data covers all military industrial prime contracts between the US Department of Defense and private contractors between 1965 and 2000, and it reaches down to a granular level of detail, capturing contract type as well as geocoded location information on the contract's production site. Combined with US Bureau of Labor Statistics employment data, we create a measure of military spending-per-worker by county as a proxy measure for workers' dependence on military-industrial employment in a given county. We supplement quantitative analysis with archival work on labor unions in factories servicing military contracts. Put together, this data allows us to reapproach foundational hypotheses for the study of the US MIC and move beyond them to new findings.

For example, Ann Markusen et al. (1991) argue that military spending contributed to the United States' uneven pattern of deindustrialization. According to these scholars, the shift away from hot war, mass-production military goods and toward toward high-tech, batch-production goods across the Cold War explains why coastal manufacturing zones, which they dub “the gun belt,” fared better than the country’s industrial core, or rust belt, under deindustrialization. Decentralized production chains, however, often spanned across any overly-neat geographic (gun belt vs rust belt) or production dichotomies (high tech vs mass production). Jet engines, for example, were assembled in the Midwest before shipping to the Southeast for final installation, and these jet engine factories in turn depended on primary metals produced by industrial smelters.

With preliminary facts like these in mind, we hypothesize that military-industrial employment had an inverted-V-shaped relationship with socioeconomic inequality across the later half of the twentieth century United States. In the early postwar years, military production booms during the Korean and Vietnam War negatively correlated with inequality as military spending contributed to real gains in wage income. As the stagflation crisis of the late 1970s melted into deindustrialization, this negative relationship between inequality and military spending grew tighter as counties buffered by military spending floated above their sinking neighbors. Over time, however, this relationship reversed, as areas that were highly dependent on military spending also proved to be less flexible in adjusting to the new economic regime.