

THE ISRAELI MILITARY-INDUSTRIAL COMPLEX AND ITS SUCCESS

A Historical Analysis

*Samrudhi Pathak**

INTRODUCTION

Before discussing the Military-Industrial complex in the Israeli context, it is important to understand the complex itself. The term “Military-Industrial Complex” was used by former US President Dwight D. Eisenhower in his farewell speech in 1961 and the term has been debated since. In a nutshell, this complex is an informal alliance between a portion of the nation’s scientific and technological community, its defense establishment, and certain sectors of the country’s industrial base. Today, the USA stands as the most prominent example of this complex. Thus, understanding the complex, its origin, and the factors behind it through the events in the US would be easier. The US has had a profound influence on the conduct of war with technology and the introduction of atomic weapons.

The seeds of this complex can be found in the US Constitution itself. Before the Civil War or even the World Wars, no explicit mandate was dedicated to supporting science and research¹. Although the constitution had an article that supported the enhancement of business. Thus, ultimately science and research had to be good for business. So historically, research, even during the war times, was primarily sponsored and supported by private businesses. Another factor that played in favor of the complex is the civil war that the US went through. The civil war mobilized the entire American economy that was good was war and just after that, the agricultural economy took a backseat in the nation, in lieu industrial economy began to rise. With the combination of these two factors, another addition was that the US entered World War 1 just a few decades after the civil war. Despite such overwhelming events, the US government took very little initiative to support military technology and research. In 1934, when the former Secretary of War, Newton Baker, suggested strengthening Army Research and Development, the Army General Staff concluded and stated, “The US Army needs large quantities of excellent equipment that has already been developed.”² This depicts the attitude of the government towards research in the military. As a result, post-war, the US had developed a robust industrial base for military progress and innovation. To foster this, former US President George H.W. Bush pressed on private ownership and wanted technocrats to run the

** The Author is a student at the Jindal School of International Affairs and a Research Assistant at the Centre for Security Studies, JSIA.*

¹ Alex Mintz. 2008. “The Military-Industrial Complex: the Israeli case”. Journal of Strategic Studies. Vol. 6. Issue 3. 103-127. 24 January.

² Ibid.

show³. According to President Bush Senior, scientific funding and projects should not be subjected to political changes of the state. Even in the 1990s, the US Congress did not have the mandate for military research making it seem more sensible for President Bush to trust private businesses for large scale production of arms and ammunition. Thus, today we look at the US and these factors explain the complexity that exists in the country today. The biggest driving factor behind the US economy is the revenue generated by arms and ammunition. Many sectors of the economy, for example, the aviation, chemical and technology industry generate huge profits through their sale for war-based purposes. Further, we shall discuss and draw parallels between Israel and the US to understand the Israeli complex better.

THE ISRAELI COMPLEX

The most peculiar feature of the Israeli Military-Industrial complex is that it is not run by a privately owned business at the forefront. The US complex is easy to understand since the weapon industry is privately owned thus, these businesses seek profit. Meanwhile, in Israel, the biggest military company called Israeli Aerospace Industries is government-owned. Also, out of the four largest military companies in Israel, three are government-owned. Therefore, the general intuition suggests that since government-owned businesses are not profit-seeking, the military-industrial complex cannot arise in Israel. On the contrary, Israel has observed a gradual process wherein the Israeli military industry has transformed itself. Some of the most prominent Israeli military companies were formed even before the State of Israel itself. The oldest Israeli military company, called Israeli Military Industries, was founded in the 1930s⁴. Initially, the company did not aim for gaining profits but to arm the Zionist militias in Palestine, therefore the purpose was nationalist and when the State of Israel came into existence, the government took ownership. It also made this industry a part of its defense ministry. Although the budget provided to the ministry was enough to maintain an edge over neighboring countries, it was not enough to carry out research.

The ministry realized it needed to make revenue to fund military research. Thus, the Government of Israel started producing and exporting more weapons in the 1950s and 1960s, not to make profits but to fund the research⁵. During this decade, military and defense policymaking was divided into two schools of thought. First was the school of specialization, an ideology that General, later Prime Minister, Rabin had which was to specialize and develop very specific technology. He also believed that Israel should not try to imitate technology that is already developed by other countries, instead, Israel should import those technologies⁶. On the other hand, it should expertise in some other technology and export it. Another school of

³ Alex Mintz. 2014. "The Military-Industrial Complex: American concepts and Israeli realities". *Journal of Conflict Resolution*. Vol. 29. Issue 4. 623-639. 24 June.

⁴ Shiv Hever. 2017. "Privatization of Israeli Security". Pluto Press. 1st edition. 20 November.

⁵ Ibid.

⁶ Shir Hever. 2010. "The Political Economy of Israel's Occupation". Pluto Press. 1st edition. 6 August.

thought was based on former Prime Minister Shimon Peres' ideology on self-sufficiency. He believed that Israel should not rely on imports for any kind of military assistance. It should produce all the weaponry by itself⁷. Israel chose the latter school of thought after the 1967 Arab Israeli war.

In the 1967 war, Israel had occupied huge territories of Palestine, Egypt, and Syria. Until the war, France was the biggest supplier of arms to Israel, but it wanted to maintain sound relations with Arab countries. Therefore, France announced it would impose a military embargo on Israel if the disputes with neighbors are not settled soon⁸. After this incident, the school of self-sufficiency got an edge and then the Israel arms industry exploded in science. The government initiated massive investments in the arms industry, and it started huge production lines. The state started producing its artillery and weapons although the Israeli economy was not able to manage it, initially. The military industry has suddenly become a huge part of the Israeli economy. As a result, most of these projects failed since the country did not have good technological advancements. The weapons produced by the domestic companies (government-owned) were not up to international standards. This changed after the 1973 war when Israel was taken completely by surprise.

In 1973, Egypt and Syria launched an invasion to regain the territory that was lost in 1967. Israeli then was not only unaware but also ill-equipped⁹. Meanwhile, the Egyptian armies were supplied with arms by the USSR. Suddenly, the US decided to aid Israel amid the war which turned the tide of the Yom Kippur war. Even after the war, the US continued to provide military aid to Israel¹⁰. Ultimately, the debate over the two schools was over and the self-sufficiency had failed. Moreover, the US did not allow the self-sufficiency school to sustain since it could have created competition for the American military industry. Thus, from the American perspective, Israel could only be allowed to specialize in their technology. Finally, the school of specialization became dominant and remains so even today. Even today if Israel develops a military technology that has a similar trait with any American technology, the Pentagon intervenes and clamps down the projects. Although the US weapon industry is mostly privately owned, the government sees it as their interest as well. For example, the Israeli government is forced to accept some equipment as part of the military aid which was the exact technology that Israel itself was trying to develop ensuring there is no need for Israel to develop those technologies. The most famous equipment and projects that fit into this example are anti-tank missiles that Israel was trying to develop, and another example is the attack plane, called Lavi, which was supposed to be better than the F16 fighter jets¹¹. Israel had already invested a huge amount of money and effort, but the project was cancelled in 1987. Thus, this displays the restrictions in the Israel military-industrial complex. Thus, they furthered their technology

⁷ Ibid.

⁸ Ibid.

⁹ Alex Mintz. 2014. "The Military-Industrial Complex: American concepts and Israeli realities". *Journal of Conflict Resolution*. Vol. 29. Issue 4. 623-639. 24 June.

¹⁰ Ibid.

¹¹ Shir Hever. 2017. "Privatization of Israeli Security". Pluto Press. 1st edition. 20 November.

development in a way that does not clash with the US interests. After the Lavi project cancellation, Israel learnt that its military industry could grow by developing a symbiotic relationship with the US. For instance, Elbit system, the largest private-owned military company of Israel, started producing helmets for fighter jet pilots which are very advanced, and supposedly the best equipped. The peculiar feature of this helmet is that it is designed to interface with American-made F16 fighter jets¹². Thus, if a government buys F16 from the US, it would make sense only to buy Elbit systems made helmets. Thus, rather than competing, Israel started complementing the US.

Another hurdle came up for the Israeli military industry when from the late 1980s, the Cold War started to slow down. This period also embarks the beginning of globalization and the opening of new sectors in the economy. With the ending of a war, demand for weapons also diminished. The developments that were made, for example, tanks, had become irrelevant. Almost 40% of the Israeli workforce was employed in the arms industry from the 1970s¹³. This crisis only grew through the 1990s. Thus, it is not a coincidence that Israel reciprocated the Oslo Accords and started negotiating a peace treaty with Palestine. But soon after, Hamas rose and suicide bombings were carried out in 2000. Palestine had their population in the territories that are claimed by Israel as well. Therefore, the narrative and objective changed from “how to stop the enemies?” to “how to control an occupied territory?”¹⁴. This narrative favored the arms industry greatly.

Now the Israeli arms industry caught the irrelevant products, the vintage warfare was not relevant. Today, the soldiers must deal with incidents like stone pelting and ceasefire violations. These need a different type of equipment, tactics, and technology. These include anti-demonstration gear, riot gear, highly concentrated tear gas, handcuffs, leg cuffs, highly equipped security cameras and surveillance technology. With understanding these requirements and its markets, the Israeli arms industry transformed itself. Israel also found its customers i.e., the countries that need to control unruly population and unrest. Brazil, India, Mexico, Colombia and the US, post 9/11 under the Patriot Act after which the Department of Homeland Security was introduced, are huge buyers of Israeli military industry¹⁵. Especially after President George Bush’s speech on ‘Global War against Terror’, the Israeli arms industry

¹² Airforce Technology. 2020. “USAF conducts flight tests of JHMCS- II on board with F-16v aircraft.” 4 August. <https://www.airforce-technology.com/news/usaf-flight-tests-jhmcs-ii-f-16v-aircraft/>

¹³ Shir Hever. 2010. “The Political Economy of Israel’s Occupation”. Pluto Press. 1st edition. 6 August.

¹⁴ Naomi Klein. 2008. “The Shock Doctrine: The rise of disaster capitalism”. Penguin UK. London. 1 May.

¹⁵ Apoorva Gautum. 2018. “Making Militarism profitable: How Israel is aiding booming the military-industrial complex in India”. Newslick. 10 December. <https://www.newsclick.in/making-militarism-profitable-how-israel-aiding-booming-military-industrial-complex-india>

acquired a larger share of the market. It has become the global capital of the homeland security industry¹⁶.

Today, Israel has turned Palestinian territory into an economic asset or a laboratory. For example, the biggest showcase of the arms industry in the 2000s was the development of the ‘Wall of Separation’ that was built by Israel. The wall has cameras and remotely controlled guns installed on it. There are even patrol robots deployed in the vicinity of the wall. Moreover, Israel happens to have a conflict with Gaza every 2-3 years and only months after the conflict, the Israeli military holds arms fairs displaying the technology used by them¹⁷. Every arms fair leads to a spike in arms sales. 44% of its entire arms exports were made to Asian countries, 30% to the European countries and 20% to North American countries in 2020. Despite the outbreak of COVID-19, Israel observed a spike of 15% in its arms exports¹⁸. Israel is the third largest supplier of weapons to India and Canada, who also happen to be amongst the highest arms importers in the world¹⁹. Also, not only Gaza strip, but Israel also happens to profit from the Nagorno-Karabakh conflict as it is the highest supplier of weapons to Azerbaijan. Israel was a major supplier of high technology weapons to 40 states from 2016-2020²⁰. Within a period of four years, 2015-2019, Israel reported an increase of 77% in its arms exports and constituted up to 3% of global exports²¹. This increase is when Israel decreased its military spending by around 13% in 2016 and by 1% in 2017²². This proves that Israel maintains its export standards and customers even if it does not spend as much on defense. Hence, proving the success of its military-industrial complex.

So, the industry not only has to serve the national agendas but also make a profit out of it. Although exact numbers behind the complex in Israel are tough to estimate since the Ministry of Defense in Israel is the only ministry that does not have to give a full breakdown of its budget in the official government books. Also, even the companies are not obligated to publish their financial reports thus they publish only partial financial reports and not every year. Even the workers in these companies are obligated to keep secrecy. Thus, this creates a certain restriction in analyzing the complex in Israel. As a result, only the information that is in the interest of the

¹⁶ David Spero Rn. 2019. “A Match Made in Hell: Israel and the Military Industrial Complex”. 26 February. <https://davidsperorn.medium.com/a-match-made-in-hell-israel-and-the-military-industrial-complex-34c9d76b789c>

¹⁷ Casey, Ruairi. 2019. “Meeting the arms dealers with killer sales target”. Aljazeera. 11 September. <https://www.aljazeera.com/economy/2019/9/11/meeting-the-arms-dealers-with-killer-sales-targets>

¹⁸ AFP. 2021. “Israel’s military export hit \$8.3 billion in 2020, second highest-ever total”. The Times of Israel. 1 June. <https://www.timesofisrael.com/israels-military-exports-hit-8-3-billion-in-2020-second-highest-ever-total/>

¹⁹ Wezeman, Peter. 2021. “Trends in international arms transfers, 2020”. SIPRI Fact Sheet. SIPRI. March 2021. https://sipri.org/sites/default/files/2021-03/fs_2103_at_2020.pdf

²⁰ Ibid.

²¹ Ahronheim, Anna. 2020. “Israel’s arms exports over past four years at highest ever”. The Jerusalem Post. 11 March 2020. <https://www.jpost.com/israel-news/israels-arms-exports-over-past-four-years-at-highest-ever-620561>

²² Ibid.

Israeli government and the Israeli industry gets public. The private-owned companies therefore only publish the information that attracts more investors and buyers. Thus, the main components of the Israeli military-industrial complex are the Israel Defense Force (IDF), Mossad, Ministry of Defense, the arms industry, and the Knesset²³. As we have studied in this article, all these components have played an equal role to give rise to the military-industrial complex in Israel, a way to profit from wars and conflicts.

²³ Mintz, Alex. 2008. "The Military-Industrial Complex: the Israeli case". *Journal of Strategic Studies*. Vol. 6. Issue 3. 103-127. 24 January.