

The Political Economy of Catastrophe

A Forensic Audit of the Financial Exploitation of the War on Terror

By DocuGlow AI Editorial Team



AI Executive Summary

This forensic audit dissects the financial exploitation inherent in the "Global War on Terror" (GWOT) post-9/11. It posits that the conflict was not merely a military campaign but a profound economic restructuring, facilitating an unprecedented transfer of public wealth to private hands in American history. The report highlights the ideological groundwork laid by the Project for the New American Century (PNAC), the "revolving door" between government and defense contractors like Halliburton (linked to Richard Cheney), and the financialization strategies of firms like the Carlyle Group. It also exposes the cohesive influence of elite networks such as Skull and Bones. The analysis reveals how legal structures and systemic conflicts of interest enabled massive

profiteering, ultimately burdening the public with trillions in debt while privatizing dividends for a select few.

Keywords Cloud

War on Terror 9/11 Financial Exploitation Privatization Halliburton
KBR Carlyle Group PNAC Dick Cheney Donald Rumsfeld
Skull and Bones Conflict of Interest Cost-Plus Contracts Iraq War
Defense Spending Private Equity Tamiflu Gilead Sciences
Oil Contracts Debt-Financed War Military-Industrial Complex
Wealth Transfer Neoconservatism Revolving Door Transparency



Visual Mind Map: Financial Exploitation of the War on Terror

A Financial Exploitation of the War on Terror

Ideological Blueprint: PNAC

- Genesis of Doctrine ("Rebuilding America's Defenses")
- Personnel Nexus (Cheney, Rumsfeld, Wolfowitz, Bolton, Perle)
- Strategic Alignment with Industry (Lockheed Martin, Boeing)

Industrial Practice: Halliburton Complex

- Richard Cheney (CEO to VP, Financial Tether)
- Rise of KBR & LOGCAP (\$30B by 2008, Cost-Plus Bonanza)
- RIO Contract (\$7B no-bid, "Smoking Gun Email")
- Scale of Wealth Transfer (\$39.5B total KBR)

Financialization: The Carlyle Group

- "Ex-Presidents Club" (Carlucci, Baker, G.H.W. Bush)
- Bin Laden Connection
- United Defense (Crusader Arbitrage: \$1B profit)
- QinetiQ Heist (~\$470M profit)

Elite Networks: Skull and Bones

- 2004 Anomaly (Bush vs. Kerry)
- Intergenerational Web (Prescott Bush, G.H.W. Bush, Taft)
- Russell Trust & Shadow Finance (Secrecy, Entitlement)

Consulting Class & Influence

- Richard Perle (Tireme Partners, Boeing Connection)
- Douglas Feith (OSP, Iraqi International Law Group)
- John Bolton (Kirkland & Ellis, AEI, Fox News)

Other Profiteering & Macroeconomic Fallout

- Donald Rumsfeld & Gilead (Tamiflu Windfall: \$5M profit)
- Hydrocarbon Hegemony (PSAs vs. TSCs, Service Companies, China)
- Macroeconomic Fallout (\$3 Trillion cost, Debt-Financed War, Defense Decoupling)

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Action Plan

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Introduction: The Geopolitical Economy of the Post-9/11 Era

The terrorist attacks of September 11, 2001, marked a rupture in the geopolitical

timeline of the 21st century, creating a definitive "before" and "after" in the collective consciousness of the West. However, beneath the immediate shock of the tragedy and the subsequent mobilization of national sentiment lay a pre-existing, dormant infrastructure of ideological ambition and corporate capability waiting for a catalyst. The "Global War on Terror" (GWOT) that emerged from the rubble of the World Trade Center was not merely a military campaign; it was a profound economic restructuring that facilitated one of the largest transfers of public wealth to private hands in American history.

This report serves as a forensic analysis of that transfer. It posits that the financial exploitation of 9/11 was not an accidental byproduct of hasty mobilization, but the logical outcome of a decade-long project to privatize the functions of the state, financialize the defense industry, and integrate neoconservative ideology with corporate profit motives. By examining the interlocking directorates of entities such as the Project for the New American Century (PNAC), Halliburton, the Carlyle Group, and elite networks like the Skull and Bones society, we reveal a systemic architecture designed to monetize conflict.

The analysis that follows is exhaustive. It moves beyond general accusations of "war profiteering" to examine specific contract vehicles, stock option valuations, deferred compensation agreements, and the opaque legal structures used to shield these activities from public scrutiny. We explore how the "revolving door" between the Pentagon and the private sector ceased to be a metaphor and became an operational requirement for the execution of the war. From the no-bid contracts awarded to KBR for Iraqi oil reconstruction to the private equity arbitrages of the Carlyle Group, the evidence suggests that for a select group of insiders, the War on Terror was a value-generating event of unprecedented magnitude.

The cost of this enterprise, estimated by economists Joseph Stiglitz and Linda Bilmes at over \$3 trillion, was borne by the public—through taxation, debt, and the physical sacrifice of service members—while the dividends were privatized. This dichotomy defines the political economy of the post-9/11 world.



Chapter 1: The Ideological Vanguard: The Project for the New American Century

To understand the financial execution of the War on Terror, one must first dissect its intellectual blueprint. The Project for the New American Century (PNAC) was not a standard Washington think tank. It was a shadow cabinet, a reservoir of personnel and policy that formed the skeletal structure of the George W. Bush administration long before the Supreme Court decided the 2000 election.

1.1 The Genesis of a Doctrine

Founded in 1997 by William Kristol and Robert Kagan, PNAC emerged during the Clinton years as a reaction against what its members perceived as American drift and "incoherent" foreign policy. Its founding Statement of Principles argued for a "Reaganite policy of military strength and moral clarity," explicitly linking American global leadership to a dramatic increase in defense spending.

The organization's pivotal document, *Rebuilding America's Defenses* (September 2000), laid out a comprehensive strategy for American hegemony. It called for the transformation of the US military into a force capable of fighting multiple simultaneous major theater wars, the militarization of space, and the establishment of a permanent global base network. Crucially, the authors acknowledged that this

process of transformation would be likely to be a long one, "absent some catastrophic and catalyzing event – like a new Pearl Harbor".

This statement, often cited in conspiratorial contexts, is crucial for our forensic economic analysis not as evidence of a plot to cause 9/11, but as evidence of premeditation regarding the response. The "wish list" of weapons systems, base expansions, and strategic shifts was already written. When the towers fell, the administration did not need to formulate a procurement strategy; they simply pulled the PNAC dossier off the shelf.

1.2 The Personnel Nexus: A Government in Waiting

The operational power of PNAC lay in its signatory list. These were not merely academics; they were the future executors of the war budget. Of the twenty-five original signatories, ten went on to serve in key positions within the Bush administration. This migration created a closed loop where the lobbyists for expanded defense spending became the officials authorizing that spending.

Name	PNAC Affiliation	Bush Administration Role	Corporate/Industry Ties Prior to Office
Dick Cheney	Signatory	Vice President	CEO, Halliburton (Oil/Defense Services)
Donald Rumsfeld	Signatory	Secretary of Defense	Chair, Gilead Sciences; Board, ABB
Paul Wolfowitz	Signatory	Deputy Secretary of Defense	Consultant, Northrop Grumman
I. Lewis Libby	Signatory	Chief of Staff to the VP	Consultant, Northrop Grumman

John Bolton	Director	Under Sec. of State; UN Amb.	Consultant; Kirkland & Ellis (Defense Law)
Richard Perle	Signatory	Chair, Defense Policy Board	Tireme Partners (Defense Venture Capital)
Eliot Cohen	Signatory	Defense Policy Board	Strategic Consultant
Zalmay Khalilzad	Signatory	Amb. to Iraq/Afghanistan	Consultant, Unocal (Oil)

The financial implications of this overlap are profound. Individuals like Paul Wolfowitz and I. Lewis Libby, who had consulted for defense giant Northrop Grumman, were now in positions to influence the strategic direction of the Pentagon, favoring high-tech, capital-intensive warfare that benefited their former (and future) employers.

1.3 The Strategic Alignment with Industry

PNAC's ideology provided the moral cover for industrial expansion. The "transformation" Rumsfeld championed required retiring legacy systems and investing in new, expensive technologies—missile defense, space-based weaponry, and advanced surveillance capabilities. This aligned perfectly with the R&D priorities of major contractors like Lockheed Martin and Boeing.

The "Global War on Terror" provided the unlimited credit card required to fund these ambitions. The defense budget, which had been relatively flat during the post-Cold War "peace dividend" era, nearly doubled between 2001 and 2008. This surge was not driven solely by the operational costs of combat in Afghanistan and Iraq (which were funded via separate supplemental appropriations) but by a systemic increase in base defense spending justified by the new threat environment PNAC had defined.

The "Rebuilding America's Defenses" report specifically targeted the Persian Gulf, noting that while the unresolved conflict with Iraq provided the immediate justification, "the need for a substantial American force presence in the Gulf transcends the issue of the regime of Saddam Hussein". This indicates that the long-term garrisoning of the region—a massive boon for logistics contractors like KBR—was a strategic goal independent of the WMD narrative.

Chapter 2: The Architect of the Nexus: Richard Cheney and the Halliburton Complex

If PNAC provided the theory, Halliburton provided the practice. No single corporate entity is more synonymous with the financial exploitation of the Iraq War than Halliburton and its subsidiary, Kellogg, Brown & Root (KBR). The trajectory of the company from a medium-sized oil field services firm to a global paramilitary logistics giant is inextricably linked to the career of Richard Cheney.

2.1 The Revolving Door: CEO to VP

Richard Cheney served as CEO of Halliburton from 1995 to 2000. During his tenure, he aggressively shifted the company's focus toward government contracting, utilizing his contacts from his time as George H.W. Bush's Secretary of Defense to secure logistics work in the Balkans. When he was selected as George W. Bush's running mate in 2000, Cheney faced a classic conflict of interest scenario.

Publicly, Cheney claimed to have "severed all ties" with Halliburton. In a 2003 interview on Meet the Press, he stated: "I have no financial interest in Halliburton of any kind and haven't had, now, for over three years". Forensic accounting of his financial disclosures reveals this statement to be demonstrably false.

The Financial Tether:

- **Stock Options:** Upon leaving Halliburton, Cheney retained 433,333 unexercised stock options. While he signed an agreement to donate profits from

these options to charity, the Congressional Research Service (CRS) issued a report in September 2003 concluding that holding such options constitutes a "financial interest" because the holder retains a vested interest in the company's stock performance.

- **Deferred Compensation:** Cheney received deferred salary payments from Halliburton totaling hundreds of thousands of dollars during his Vice Presidency (\$205,298 in 2001; \$162,392 in 2002; \$178,437 in 2003). While these payments were for prior work, the CRS noted that receiving ongoing payments from a former employer—particularly one dependent on government contracts—constitutes a "retained tie".
- **Option Valuation:** The value of Cheney's stock options skyrocketed as the war progressed. An analysis by Senator Frank Lautenberg found that the value of Cheney's options rose by 3,281% in the year following the invasion, increasing from approximately \$241,000 to over \$8 million.



2.2 The Rise of KBR and LOGCAP

The mechanism for Halliburton's dominance was the Logistics Civil Augmentation Program (LOGCAP). This contract vehicle, originally designed to provide ad-hoc support, became the backbone of the US occupation. KBR held the LOGCAP III contract, effectively giving it a monopoly on sustaining US forces in Iraq.

KBR did everything: they built the bases, cooked the food, did the laundry, delivered

the fuel, and even handled the mail. By 2008, the company had received over \$30 billion for such work.

The "Cost-Plus" Bonanza:

The contracts awarded to KBR were primarily "cost-plus-award-fee" contracts. In this model, the government reimburses the contractor for all allowable expenses and pays an additional percentage as profit. This structure creates a perverse economic incentive: the more money KBR spent, the higher their absolute profit. There was no incentive for efficiency; in fact, efficiency reduced revenue. This explains the legendary waste documented by the Special Inspector General for Iraq Reconstruction (SIGIR), including fleets of empty trucks driven back and forth across the desert to bill for mileage, and the burning of new equipment in burn pits rather than repairing or repatriating it.

2.3 The RIO Contract: A Case Study in Collusion

The most egregious example of the nexus between Cheney's office and Halliburton was the Restore Iraqi Oil (RIO) contract. In the months leading up to the March 2003 invasion, the Bush administration secretly planned for the rehabilitation of Iraq's oil sector.

On March 8, 2003—days before the invasion—the Army Corps of Engineers awarded a no-bid contract to KBR to extinguish oil fires and repair infrastructure. The contract had a ceiling of \$7 billion.

The Smoking Gun Email:

An internal Pentagon email dated March 5, 2003, unearthed by *Time* magazine, revealed the direct involvement of the political echelon. An Army Corps official wrote that Undersecretary of Defense Douglas Feith (a key neoconservative ideologue) had approved the arrangements "contingent on informing WH tomorrow," and explicitly noted, "We anticipate no issues since action has been coordinated w VP's [Vice President's] office".

This email directly contradicted Cheney's public assertions that he had "absolutely no influence of, involvement of, knowledge of" contracts awarded to his former firm.

It demonstrated that the Vice President's office was intimately involved in coordinating a multi-billion dollar sole-source award to a company in which the Vice President held unexercised stock options.

2.4 The Scale of Wealth Transfer

The sheer volume of capital directed to KBR is difficult to overstate. From 2004 to 2006, KBR won more than \$16 billion in contracts, nearly nine times more than the next closest competitor. By the end of the conflict, estimates suggest KBR received at least \$39.5 billion in federal contracts.

This revenue stream fundamentally altered the company's valuation. Halliburton stock, trading in the \$10-\$20 range in the early 2000s, surged to over \$50 by 2008, driven almost entirely by the government services division (KBR) which was eventually spun off. The war did not just support the company; it transformed it into a sovereign entity capable of operating independent of market forces, secured by the "emergency" nature of its mandate.

Chapter 3: The Private Equity Wars: The Carlyle Group and Financialization

While Halliburton represented the industrial logic of the war (trucks, fuel, concrete), the Carlyle Group represented its financial logic. Headquartered on Pennsylvania Avenue, midway between the White House and the Capitol, Carlyle pioneered the integration of high-level political access with private equity investment strategies.

3.1 The "Ex-Presidents Club"

Carlyle's business model was predicated on what critics termed "access capitalism." The firm hired former high-ranking government officials to serve as advisors, directors, or chairmen. These individuals provided credibility to investors (particularly sovereign wealth funds and wealthy families in the Middle East) and insight into the regulatory and budgetary landscape of the defense sector.

Key Figures in the Carlyle Orbit:

- **Frank Carlucci:** Chairman of Carlyle. Former Secretary of Defense under Reagan and Deputy Director of the CIA. His deep ties to the Pentagon bureaucracy were instrumental in identifying undervalued defense assets.
- **James Baker:** Senior Counselor. Former Secretary of State and Treasury Secretary. His diplomatic connections were vital for raising capital in the Gulf states.
- **George H.W. Bush:** Senior Advisor. The former President (and father of the sitting President) traveled on behalf of Carlyle, giving speeches and meeting with investors in Saudi Arabia and Asia. His presence reassured investors that Carlyle was plugged into the highest levels of American power.
- **John Major:** Former UK Prime Minister, serving as Chairman of Carlyle Europe.

3.2 The Bin Laden Connection

The most infamous of Carlyle's investors was the Bin Laden family—the estranged relatives of Osama bin Laden. The family, a construction dynasty in Saudi Arabia, had invested millions in Carlyle's funds.

On the morning of September 11, 2001, Carlyle was hosting an investor conference at the Ritz-Carlton in Washington, D.C. Among the attendees was Shafiq bin Laden, a brother of Osama. While the Bin Laden family had disowned Osama years prior, the optics of the Bush family's business partners being related to the architect of the attacks were catastrophic. In the days following 9/11, Carlyle moved quickly to liquidate the Bin Laden holdings and sever ties, but the connection highlighted the uncomfortable intimacy between the American political elite and Saudi capital.

3.3 United Defense: The Crusader Arbitrage

The quintessential example of Carlyle's war profiteering is the case of United Defense Industries (UDI). In 1997, Carlyle acquired United Defense (a manufacturer

of combat vehicles and artillery) for approximately \$180 million in cash (part of a larger leveraged buyout valued at \$850 million).

The company's flagship product was the Crusader, a heavy, self-propelled artillery system designed for Cold War-era tank battles. By the late 1990s, the Pentagon, focusing on lighter, more mobile forces, considered canceling the program. However, Carlyle's political weight helped keep the program on life support.

Following 9/11, the defense budget was thrown wide open. The 2002 defense appropriations bill, signed by George W. Bush, included \$487 million in funding for the Crusader. While Donald Rumsfeld eventually cancelled the Crusader program in May 2002 as part of his modernization drive, the injection of capital and the general surge in defense spending had already done its work.

In December 2001—just three months after 9/11—Carlyle took United Defense public in an IPO. The stock was aggressively priced, capitalizing on the market's appetite for defense shares in the new "forever war" environment. Carlyle sold its remaining shares in 2004. In total, the firm realized a profit of over \$1 billion on the United Defense investment. This transaction remains a masterclass in how political instability can be arbitrated for private gain.

3.4 The QinetiQ Heist

Carlyle replicated this model in the United Kingdom with QinetiQ, the privatized arm of the Defence Evaluation and Research Agency (DERA). In 2003, Carlyle acquired a 33.8% stake in QinetiQ for £42 million. Critics, including the UK National Audit Office, argued the sale was rushed and undervalued the asset, which contained sensitive military technology and intellectual property.

Carlyle used its US connections to help QinetiQ penetrate the American defense market, expanding its revenue base. When QinetiQ was floated on the London Stock Exchange in 2006, the value of Carlyle's stake had ballooned. The firm exited with a profit estimated between £240 million and £300 million (approx. \$470 million). The deal effectively transferred wealth from the British taxpayer to a US private equity firm, facilitated by the transatlantic defense boom of the GWOT.

Chapter 4: The Secret Society of Governance: Skull and Bones

To fully understand the cohesion of the elite networks driving these policies, one must look beyond the boardroom to the social institutions that form the bonds of trust among the ruling class. The Skull and Bones society at Yale University (Chapter 322) is often dismissed as the stuff of fiction, but sociologically, it functions as a powerful mechanism for elite recruitment and consensus formation.

4.1 The 2004 Anomaly: Bonesman vs. Bonesman

The 2004 US Presidential election presented a historical singularity: both the Republican incumbent, George W. Bush (S&B 1968), and the Democratic challenger, John Kerry (S&B 1966), were members of Skull and Bones. This meant that regardless of the democratic outcome, the presidency would remain held by a member of a secret society that initiates only 15 members per year.

This convergence is not coincidental but indicative of the narrow social stratum from which American leadership is drawn. The Order creates lifelong bonds of loyalty that supersede partisan affiliation. When asked about their membership, both candidates deflected with practiced vagueness. Bush wrote in his autobiography, "It's so secret, I can't say anything more".

4.2 The Intergenerational Web of Influence

Skull and Bones is more than a fraternity; it is an intergenerational transmission belt for the "Establishment." The families associated with the Order—the Tafts, Bundys, Harrimans, and Bushes—have dominated American foreign policy and finance for over a century.

- **Prescott Bush (S&B 1917):** George W. Bush's grandfather, a Senator and partner at Brown Brothers Harriman, who was involved in the early financing of the military-industrial complex.

- **George H.W. Bush (S&B 1948):** A career spanning the CIA (Director), the White House, and Carlyle, exemplifying the seamless transition between intelligence, executive power, and private equity.
- **William Howard Taft (S&B 1878):** The only man to be both President and Chief Justice, and Secretary of War.

In the context of the War on Terror, this network provided George W. Bush with a pre-vetted pool of loyalists. When staffing his administration and the regulatory bodies overseeing the financial sector, Bush relied on the trust networks formed in New Haven.

Name	Class	Role/Connection	Impact on Post-9/11 Economy
George W. Bush	1968	President of the United States	Authorizer of GWOT; signatory of defense budgets.
Harold Stanley	1908	Co-Founder, Morgan Stanley	His firm was a key underwriter for defense M&A activity.
Frederick W. Smith	1966	Founder, FedEx	Critical logistics partner; integrated into global supply chains.
Evan G. Galbraith	1950	Amb. to France; Defense Rep	Served as Rumsfeld's representative in Europe; pushed for missile defense.
William H. Donaldson	1953	Chairman of SEC (2003-2005)	Oversaw financial markets during the peak of defense stock speculation.

4.3 The Russell Trust and Shadow Finance

The society is incorporated as the Russell Trust Association. This entity holds significant assets and manages the society's property, including the "Tomb" at Yale and Deer Island in the St. Lawrence River. The Trust functions as a tax-exempt organization, yet its activities are entirely opaque. The relevance to the financial exploitation of 9/11 lies in the culture of secrecy and entitlement it breeds. Members are trained to view themselves as the rightful stewards of American power, often operating with a sense of immunity from the democratic oversight that applies to the citizenry. This cultural psychology is essential for understanding how a small group of policymakers could rationalize the deception regarding WMDs and the subsequent profiteering as necessary for the "greater good" of American hegemony.



Chapter 5: The "Prince of Darkness" and the Consulting Class

While Cheney and Rumsfeld operated at the executive level, the operational mechanics of the war—and the profiteering—were handled by a cadre of neoconservative policymakers who maintained active business interests while serving in advisory roles. Richard Perle, often nicknamed the "Prince of Darkness" for his hawkish views and bureaucratic maneuvering, is the archetype of this figure.

5.1 Richard Perle and Trireme Partners

Richard Perle served as the Chairman of the Defense Policy Board Advisory Committee, a deeply influential body that advises the Secretary of Defense. While this was an unpaid position, it provided Perle with the ultimate commodity: access to classified information and the ear of the decision-makers.

In 2003, investigative journalist Seymour Hersh revealed that Perle was a managing partner in a venture capital firm called Trireme Partners L.P.. Trireme was established in November 2001—just two months after 9/11—specifically to invest in companies dealing in homeland security and defense products.

The Conflict:

Perle was advocating for war with Iraq and increased spending on defense technology in his capacity as Board Chairman. Simultaneously, he was soliciting investments for Trireme from wealthy individuals who stood to benefit from that very war.

- **The Boeing Connection:** Boeing invested \$20 million in Trireme. At the time, Perle was in a position to influence Pentagon decisions regarding Boeing's tanker lease deal, a controversial procurement project.
- **The Saudi Meeting:** Hersh reported that Perle met with Adnan Khashoggi, the notorious Saudi arms dealer, and Zubair, a Saudi industrialist, in Marseilles. The implication was that Perle was monetizing his proximity to the invasion plans to attract Saudi capital into his fund.

When confronted with these allegations, Perle threatened to sue Hersh and famously called him the "closest thing American journalism has to a terrorist". However, the optics were untenable, and Perle was forced to resign his chairmanship on March 27, 2003, though he remained on the board.

5.2 Douglas Feith and the Colonization of Iraq

Douglas Feith, the Undersecretary of Defense for Policy, was the bureaucratic architect of the invasion. He oversaw the Office of Special Plans (OSP), which was

accused of manufacturing the intelligence linking Saddam Hussein to Al Qaeda.

Prior to joining the administration, Feith ran a law firm called Feith & Zell based in Washington and Israel. After the invasion of Iraq, Feith's former partner, Marc Zell, established the Iraqi International Law Group (IILG).

The IILG marketed itself as the premier gateway for international corporations seeking reconstruction contracts in the "New Iraq." The firm partnered with Salem Chalabi, the nephew of Ahmed Chalabi—the Iraqi exile leader whom Feith and the Pentagon championed as the future leader of Iraq.

The Loop:

1. Feith (Pentagon) destroys the Iraqi regime and oversees the Coalition Provisional Authority (CPA).
2. The CPA issues orders privatizing the Iraqi economy (Order 39).
3. Feith's former law partner (Zell) and the nephew of Feith's chosen Iraqi leader (Chalabi) set up a firm to charge fees to companies navigating the legal framework Feith helped create.

This structure represents the privatization of foreign policy at its most granular level. The war created a market vacuum, and the architects of the war ensured their networks were positioned to be the gatekeepers of that market.

5.3 John Bolton: The Monetization of Hawkishness

John Bolton, a PNAC director, served as Under Secretary of State for Arms Control and later as UN Ambassador. Throughout his career, Bolton has utilized the "revolving door" to monetize his hardline credentials.

Between government stints, Bolton served as "Of Counsel" to Kirkland & Ellis, a massive law firm with a significant government contracts practice representing clients like Boeing, Raytheon, and Northrop Grumman. His role at the firm allowed him to provide "geopolitical risk" advice to corporate clients.

Furthermore, Bolton's financial disclosures from 2018 (prior to becoming National

Security Advisor) revealed income from the American Enterprise Institute (AEI), Fox News, and various speaking engagements funded by conservative groups. His hawkish public persona—advocating for strikes on Iran and North Korea—drives his value as a commentator and consultant. The more dangerous the world appears, the higher the premium on Bolton's brand of advice.

Chapter 6: The Pandemic of Profit: Donald Rumsfeld and Gilead

While most war profiteering centered on ballistics and logistics, Donald Rumsfeld's financial conflict lay in the intersection of biosecurity and public panic. Before becoming Secretary of Defense in 2001, Rumsfeld served as the Chairman of Gilead Sciences, a California-based biotechnology company.

6.1 The Tamiflu Windfall

Gilead held the patent for Oseltamivir, marketed as Tamiflu, an antiviral drug. Rumsfeld held a significant equity stake in the company when he entered the Pentagon.

In 2005, amid the chaos of the Iraq War, a new threat emerged: H5N1 Avian Influenza ("Bird Flu"). The Bush administration, spearheaded by the Department of Homeland Security and the Pentagon, developed a pandemic response plan that relied heavily on stockpiling antivirals. The Pentagon ordered massive quantities of Tamiflu for U.S. troops. Consequently, Gilead's stock price surged. Financial disclosures revealed that Rumsfeld's holding in Gilead grew significantly, resulting in a capital gain of over \$5 million.

6.2 The Ethics of Recusal

Rumsfeld recused himself from specific decisions regarding Gilead. However, the conflict was structural. The Secretary of Defense was a key voice in defining the national security threat landscape. By elevating the threat of bioterrorism and

pandemics (a key theme of the post-9/11 security state), the administration directly influenced the market value of the assets held by its Defense Secretary. It was a passive form of insider trading where policy decisions drove market outcomes from which the policymaker inevitably benefited.

Chapter 7: Hydrocarbon Hegemony: The Battle for Iraqi Oil

The mantra "No Blood for Oil" was the rallying cry of the anti-war movement. The administration countered that Iraq's oil belonged to the Iraqi people. The forensic reality lies somewhere in between: a complex struggle for contractual control over the world's second-largest proven reserves.

7.1 The Ambition: Production Sharing Agreements (PSAs)

The initial goal of the neoconservatives and the oil majors (ExxonMobil, Chevron, BP, Shell) was to dismantle the state-run oil monopoly and implement Production Sharing Agreements (PSAs). PSAs are the "holy grail" for International Oil Companies (IOCs) because they allow the company to book the oil reserves as assets on their own balance sheets and take a share of the "profit oil" for decades, often capturing the upside of price increases.

The State Department's "Future of Iraq" project and the CPA's early orders envisioned a privatized oil sector. However, the Iraqi oil technocracy and nationalist politicians fiercely resisted this, viewing it as a return to colonial-era concessions.

7.2 The Reality: Technical Service Contracts (TSCs)

Unable to force through a PSA-friendly oil law in Baghdad, the Iraqi Ministry of Oil eventually offered Technical Service Contracts (TSCs) in 2009. Under a TSC, the oil remains the property of the state. The foreign company is paid a fixed fee (remuneration fee) for every barrel produced above a baseline.

For the majors, the terms were disappointing.

- ExxonMobil won the contract for the super-giant West Qurna 1 field but agreed to a remuneration fee of only \$1.90 per barrel.
- BP/CNPC won Rumaila for \$2.00 per barrel.

These thin margins meant that the expected "bonanza" for the US majors did not materialize in the form of booked reserves. In fact, ExxonMobil later sought to sell its stake in West Qurna 1 to PetroChina, as the contract was not sufficiently profitable compared to opportunities elsewhere.

7.3 The True Winners: Service Companies and China

While the majors struggled with TSCs, the oil field service companies—Halliburton, Schlumberger, Baker Hughes—profited immensely. Unlike the majors, who take equity risk, service companies are paid cash for drilling, cementing, and logging wells. They get paid whether the well is profitable or not.

Entity Type	Example Companies	Contract Model	Financial Outcome in Iraq
IOC Majors	ExxonMobil, BP, Shell	TSC (Technical Service Contract)	Low margin (\$2/bbl); High political risk. Disappointing returns.
Service Companies	Halliburton, Schlumberger	Service/Work Contracts	High margin. Paid in cash for services rendered. Massive revenue growth.
State Oil Companies	CNPC (China), Petronas (Malaysia)	TSC	Strategic winners. Willing to accept low margins to secure supply for national demand.

Ironically, the Iraq War—fought by the US—opened the door for China (CNPC) to become the largest dominant player in the Iraqi oil sector. The US taxpayer subsidized the security environment that allowed Chinese state firms to extract resources for the Asian market.

Chapter 8: The Macroeconomic Fallout: A Three Trillion Dollar Transfer

The financial exploitation of 9/11 cannot be measured solely by the profits of individual firms. It must be understood as a macroeconomic event that reshaped the US fiscal landscape.

8.1 The Shadow Budget

Economists Joseph Stiglitz and Linda Bilmes conducted the definitive analysis of the war's cost. They argued that the Bush administration systematically underestimated the cost of the war, keeping it "off the books" through the use of Emergency Supplemental Appropriations.

Unlike the base defense budget, these supplemental bills were not subject to the same caps or oversight. They became vehicles for "pork" and non-war related spending. Stiglitz and Bilmes estimated the true cost of the Iraq War—including long-term medical care for veterans, disability payments, and the interest on the debt incurred—to be over \$3 trillion.

8.2 The Debt-Financed War

Historically, the US raised taxes to pay for wars (e.g., the Korean War tax surcharges). The Bush administration did the opposite: they cut taxes (2001 and 2003) while launching two major wars. This necessitated that the entire war effort be funded by debt.

This debt financing benefited the financial sector (which bought and traded the

Treasury bonds) and the defense sector (which received the spending), while the liability was transferred to the public balance sheet. It was a classic "privatize profits, socialize costs" model.

8.3 The Defense Sector Decoupling

The most visible metric of this wealth transfer is the stock performance of the prime defense contractors. From 2001 to 2011, while the S&P 500 suffered through the Dot-Com crash and the 2008 Financial Crisis, defense stocks remained a safe harbor, buoyed by the guaranteed revenue of the GWOT.

Company	Key Product in GWOT	Stock Trend Context
Lockheed Martin	F-22, F-35, IT Services	Profits doubled; stock outperformed S&P significantly
General Dynamics	Stryker Vehicles, MRAPs	Massive demand for armored vehicles in Iraq drove revenue.
Raytheon	Tomahawk Missiles, Sensors	Precision munitions demand remained constant.
Halliburton	Logistics (KBR)	Stock surged from ~\$10 (2002) to ~\$50 (2008) before spin-off.

An investment of \$10,000 in a basket of defense stocks on September 10, 2001, would have yielded returns vastly superior to the broader market, confirming that for this sector, the decade of terror was a golden age.



Conclusion: The Structural Legacy of the War Economy

The forensic evidence assembled in this report leads to a sobering conclusion. The financial exploitation of 9/11 was not the work of a few "bad apples" or isolated incidents of corruption. It was the result of a systemic alignment between a neoconservative ideology that viewed war as a necessary instrument of policy (PNAC), and a corporate structure designed to monetize that policy (Halliburton, Carlyle, Defense Primes).

The Skull and Bones network provided the social cohesion and trust that allowed these actors to operate with impunity. The revolving door ensured that knowledge of government requirements and private capability flowed seamlessly between the Pentagon and K Street. The legal structures—from deferred compensation to cost-plus contracts—sanitized the profiteering, making it legal, if not ethical.

Ultimately, 9/11 served as the "catalyzing event" predicted by PNAC, not just for military transformation, but for economic transformation. It cemented a political economy where the state functions primarily as a mechanism for collecting revenue from the many and disbursing it to the few who provide the apparatus of security. The \$39.5 billion to KBR, the \$1 billion Carlyle profit, and the \$5 million Rumsfeld windfall are merely data points in a much larger story of how the machinery of

American democracy was hijacked by the business of war.



Key Takeaways

- The War on Terror was systematically exploited for private financial gain, driven by a convergence of ideological ambition and corporate interests.
- The "revolving door" between government and industry, exemplified by figures like Dick Cheney and Richard Perle, created inherent conflicts of interest that facilitated massive wealth transfer.
- Elite networks and opaque legal structures provided the framework for legitimizing and shielding systemic profiteering from public scrutiny.
- The financial burden of the war, estimated at over \$3 trillion, was socialized through debt and taxation, while profits were privatized for a select group of defense contractors and financial firms.
- The post-9/11 era cemented a "war economy" where the state served as a mechanism to transfer public revenue to private entities providing the apparatus of security.



Simply Put: The "Privatize Profits, Socialize Costs" Model

Imagine a school where the principal (the government) needs new desks. Instead of buying them directly, they hire a friend (a defense contractor) who used to work for the school board. This friend says, "I'll get you the best desks, and I'll charge you for all my time, all the materials, and an extra percentage on top, no matter how much it costs!" Meanwhile, the principal's own investments in the desk company suddenly become very valuable. The students (taxpayers) end up paying a huge bill for desks that might be overpriced, while the friend gets very rich. That's a bit like how the War on Terror became a "privatize profits, socialize costs" system: the public pays the immense costs, and a select few reap the enormous financial rewards.



Visual Data: The Numbers of Exploitation

Estimated Total War Cost (Stiglitz/Bilmes)

\$3 Trillion

Borne by the public through taxation, debt, and physical sacrifice.

KBR Total Federal Contracts (Estimated)

\$39.5 Billion

Received by Halliburton subsidiary Kellogg, Brown & Root by end of conflict.

Cheney's Halliburton Options Value Increase

3,281%

Surge in value in the year following the Iraq invasion.

Richard Cheney's Deferred Compensation from Halliburton

2001: \$205,298

2002: \$162,392

2003: \$178,437

Ongoing payments created a "retained tie" to Halliburton.

US Defense Budget Growth (2001-2008)

2001 Level

Nearly Doubled

2008 Level

Systemic increase in base defense spending, not just operational costs.

Restore Iraqi Oil (RIO) Contract Ceiling

\$7 Billion

No-bid contract awarded to KBR days before the 2003 invasion.

Carlyle Group Profit from United Defense Industries (UDI)

\$1 Billion

Realized from acquiring and selling UDI, a "masterclass in arbitraging political

instability."

Donald Rumsfeld's Capital Gain from Gilead Holdings

\$5 Million

Resulted from surging Tamiflu stock prices during the H5N1 scare.



Timeline of Financial Exploitation

1995-2000

Richard Cheney serves as CEO of Halliburton, shifting focus to government contracting.

1997

Project for the New American Century (PNAC) founded by William Kristol and Robert Kagan. Carlyle acquires United Defense Industries (UDI).

September 2000

PNAC publishes "Rebuilding America's Defenses," outlining strategy for US hegemony.

September 11, 2001

Terrorist attacks; Carlyle hosts investor conference with Bin Laden family member present.

November 2001

Tirreme Partners L.P., co-founded by Richard Perle, established to invest in defense/homeland security.

December 2001

Carlyle takes United Defense Industries (UDI) public in an IPO.

March 5, 2003

Internal Pentagon email surfaces, revealing VP's office involvement in KBR's RIO contract.

March 8, 2003

Army Corps of Engineers awards no-bid RIO contract (ceiling \$7B) to KBR.

March 20, 2003

US-led invasion of Iraq begins.

March 27, 2003

Richard Perle resigns as Chairman of Defense Policy Board due to conflict of interest allegations.

September 2003

Congressional Research Service (CRS) report concludes Cheney held financial interest in Halliburton.

2004

Carlyle sells remaining UDI shares, realizing over \$1 billion profit.

2004-2006

KBR wins over \$16 billion in contracts, nearly nine times more than competitors.

2005

H5N1 Avian Influenza scare leads to massive Pentagon orders for Tamiflu; Rumsfeld's Gilead holdings increase by over \$5 million.

2006

Carlyle exits QinetiQ with an estimated profit of ~\$470 million.

2008

KBR receives over \$30 billion in federal contracts; Halliburton stock peaks at over \$50.

2009

Iraqi Ministry of Oil offers Technical Service Contracts (TSCs), disappointing for majors.

2001-2011

Defense stocks significantly outperform the S&P 500, marking a "golden age" for the sector.



Insightful Quotes

"The 'Global War on Terror' that emerged from the rubble of the World Trade Center was not merely a military campaign; it was a profound economic restructuring that facilitated one of the largest transfers of public wealth to private hands in American history."

"Crucially, the authors acknowledged that this process of transformation would be likely to be

a long one, 'absent some catastrophic and catalyzing event – like a new Pearl Harbor'."

"This structure creates a perverse economic incentive: the more money KBR spent, the higher their absolute profit. There was no incentive for efficiency; in fact, efficiency reduced revenue."

"The war created a market vacuum, and the architects of the war ensured their networks were positioned to be the gatekeepers of that market."

"It was a classic 'privatize profits, socialize costs' model."



Strategic Analysis

SWOT Analysis: Strengths

- **Ideological Clarity:** PNAC provided a clear, pre-existing blueprint for military expansion and intervention.

- **Established Networks:** The "revolving door" and elite societies like Skull and Bones ensured cohesion and trust among key actors.
- **Financial Leverage:** Private equity firms like Carlyle could mobilize significant capital and political influence.
- **Guaranteed Demand:** The "Global War on Terror" created an emergency mandate for unlimited defense spending.

SWOT Analysis: Weaknesses

- **Public Scrutiny & Backlash:** Investigative journalism and anti-war movements exposed profiteering and conflicts.
- **Ethical Conflicts:** Clear conflicts of interest (Cheney, Perle, Rumsfeld) undermined public trust.
- **Dependence on Conflict:** The "war economy" model is inherently unsustainable without ongoing conflict.
- **Long-Term Debt Burden:** Debt-financing transferred immense costs to future generations.

SWOT Analysis: Opportunities

- **Post-9/11 Panic:** The national trauma created an environment conducive to unquestioned spending and policy shifts.
- **Privatization Trends:** A broader ideological push for privatizing government functions provided fertile ground.
- **Global Instability:** Ongoing conflicts and emerging threats justified continuous military expansion.
- **New Defense Technologies:** Demand for advanced weaponry fueled R&D and lucrative contracts for major contractors.

SWOT Analysis: Threats

- **Anti-War Sentiment:** Growing public opposition to prolonged conflicts and their human/financial costs.
- **Investigative Journalism:** Persistent efforts to uncover corruption and conflicts of interest.
- **Political Opposition:** Potential for shifts in political power leading to reforms or investigations.
- **Economic Downturns:** Recessions or crises could expose the fragility of debt-financed military spending.

Market Intelligence: Trends & Growth

- **Financialization of Defense:** A clear trend towards private equity and investment firms playing a larger role in the defense sector, leveraging political access for profit.
- **Growth of Government Contracting:** The post-9/11 era saw an unprecedented surge in no-bid and cost-plus contracts, shifting public functions to private entities.
- **Defense Spending Surge:** The US defense budget nearly doubled between 2001 and 2008, creating a "golden age" for defense contractors whose stocks significantly outperformed the broader market.
- **Resource Control:** The strategic importance of resources like Iraqi oil led to complex contractual battles, ultimately benefiting service companies and new geopolitical players like China.

Critical Perspective: Controversies & Disputes

- **WMD Narrative:** The Office of Special Plans (OSP), overseen by Douglas Feith, was accused of manufacturing intelligence to link Saddam Hussein to Al Qaeda, justifying the invasion.
- **Cheney's Halliburton Ties:** Despite public denials, forensic evidence showed Vice President Cheney retained significant financial interests in Halliburton, directly benefiting from war contracts.
- **Perle's Trireme Conflict:** Richard Perle's simultaneous role as Defense Policy Board Chairman and managing partner of a defense-focused venture capital firm created a clear conflict of interest.
- **Rumsfeld's Gilead Windfall:** Donald Rumsfeld's significant equity in Gilead Sciences, which profited from Tamiflu orders during a pandemic scare he helped define, raised ethical questions about passive insider trading.
- **"War Profiteering" vs. "Systemic Architecture":** While critics label it "war profiteering," the report argues for a deeper "systemic architecture" of exploitation, where legal structures sanitized the process.



Top Researchers & Voices in the Field

Joseph Stiglitz

Nobel Laureate Economist, co-author of "The Three Trillion Dollar War."

[LinkedIn](#) [X \(Twitter\)](#)

Linda Bilmes

Harvard Kennedy School Lecturer, co-author of "The Three Trillion Dollar War."

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William Kristol

Political commentator, co-founder of PNAC.

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Historian, foreign policy analyst, co-founder of PNAC.

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Seymour Hersh

Pulitzer Prize-winning investigative journalist.

[Substack](#) [Britannica Profile](#)

? Frequently Asked Questions

- What was the "Global War on Terror" from an economic perspective?
- How did the "revolving door" facilitate financial exploitation?
- What role did the Project for the New American Century (PNAC) play?
- How did Richard Cheney's ties to Halliburton create a conflict of interest?
- What was the significance of the Carlyle Group in this financialization?
- How did the Skull and Bones society contribute to this network?
- What was the macroeconomic impact of the War on Terror?



Action Plan: Recommendations for Accountability and Reform

- **Strengthen Ethics Oversight:** Implement stricter "revolving door" regulations and expand conflict-of-interest definitions for public officials to prevent undue influence from former employers.

- **Enhance Contract Transparency:** Mandate full public disclosure of all government contracts, especially those awarded without competitive bidding, and reform "cost-plus" models to incentivize efficiency over expenditure.
- **Establish Independent Audit Mechanisms:** Create a permanent, independent body with subpoena power to conduct forensic audits of defense and reconstruction spending, ensuring accountability and preventing waste.
- **Promote Public Education Initiatives:** Fund public awareness campaigns on the economic implications of foreign policy decisions and the risks of financialization in national security to foster informed civic engagement.
- **Implement Campaign Finance Reform:** Address the influence of defense contractors and private equity firms on political campaigns to reduce "access capitalism" and ensure policy decisions serve public interest, not private profit.



Share This: Viral Hooks

Tweet Thread Draft:

1/x The #WarOnTerror wasn't just a military campaign. It was a massive wealth transfer, privatizing profits while socializing costs. Our forensic audit reveals the systemic architecture. #PoliticalEconomy #911 [Link to document]

2/x From Cheney's Halliburton ties to Carlyle's private equity plays,

a "revolving door" between gov't & industry fueled unprecedented profiteering. Over \$3 TRILLION in public funds. #WarProfiteering #MilitaryIndustrialComplex

3/x Elite networks like Skull & Bones provided the cohesion. No-bid contracts & financial loopholes sanitized the exploitation. Dive into the data: [Link to document] #DeepState #Financialization

4/x It's time to understand how policy decisions drive market outcomes. Read our full report for a critical perspective & action plan. Share widely. #Transparency #Accountability

LinkedIn Post Draft:

"The Political Economy of Catastrophe: A Forensic Audit of the Financial Exploitation of the War on Terror" offers a crucial examination of how the post-9/11 era reshaped the US fiscal landscape. Our deep dive reveals a systemic architecture where ideological ambition, corporate interests, and elite networks converged to facilitate an unprecedented transfer of public wealth. We analyze the roles of PNAC, Halliburton, the Carlyle Group, and the "revolving door" phenomenon, detailing how trillions in public funds were channeled into private hands. This report is essential reading for anyone interested in national security, economics, and government oversight. #PoliticalEconomy #WarOnTerror #Financialization #PublicPolicy #Accountability [Link to document]

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Reading Time: ~20 minutes

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The Political Economy of Catastrophe: A Forensic Audit of the Financial Exploitation of the War on Terror

Introduction: The Geopolitical Economy of the Post-9/11 Era

The terrorist attacks of September 11, 2001, marked a rupture in the geopolitical timeline of the 21st century, creating a definitive "before" and "after" in the collective consciousness of the West. However, beneath the immediate shock of the tragedy and the subsequent mobilization of national sentiment lay a pre-existing, dormant infrastructure of ideological ambition and corporate capability waiting for a catalyst. The "Global War on Terror" (GWOT) that emerged from the rubble of the World Trade Center was not merely a military campaign; it was a profound economic restructuring that facilitated one of the largest transfers of public wealth to private hands in American history.

This report serves as a forensic analysis of that transfer. It posits that the financial exploitation of 9/11 was not an accidental byproduct of hasty mobilization, but the logical outcome of a decade-long project to privatize the functions of the state, financialize the defense industry, and integrate neoconservative ideology with corporate profit motives. By examining the interlocking directorates of entities such as the Project for the New American Century (PNAC), Halliburton, the Carlyle Group, and elite networks like the Skull and Bones society, we reveal a systemic architecture designed to monetize conflict.

The analysis that follows is exhaustive. It moves beyond general accusations of "war profiteering" to examine specific contract vehicles, stock option valuations, deferred compensation agreements, and the opaque legal structures used to shield these activities from public scrutiny. We explore how the "revolving door" between the Pentagon and the private sector ceased to be a metaphor and became an operational requirement for the execution of the war. From the no-bid contracts awarded to KBR for Iraqi oil reconstruction to the private equity arbitrages of the Carlyle Group, the evidence suggests that for a select group of insiders, the War on Terror was a value-generating event of unprecedented magnitude.

The cost of this enterprise, estimated by economists Joseph Stiglitz and Linda Bilmes at over \$3 trillion, was borne by the public—through taxation, debt, and the physical sacrifice of service members—while the dividends were privatized. This dichotomy defines the political economy of the post-9/11 world.

Chapter 1: The Ideological Vanguard: The Project for the New American Century

To understand the financial execution of the War on Terror, one must first dissect its intellectual blueprint. The Project for the New American Century (PNAC) was not a standard Washington think tank. It was a shadow cabinet, a reservoir of personnel and policy that formed the skeletal

structure of the George W. Bush administration long before the Supreme Court decided the 2000 election.

1.1 The Genesis of a Doctrine

Founded in 1997 by William Kristol and Robert Kagan, PNAC emerged during the Clinton years as a reaction against what its members perceived as American drift and "incoherent" foreign policy. Its founding Statement of Principles argued for a "Reaganite policy of military strength and moral clarity," explicitly linking American global leadership to a dramatic increase in defense spending.

The organization's pivotal document, *Rebuilding America's Defenses* (September 2000), laid out a comprehensive strategy for American hegemony. It called for the transformation of the US military into a force capable of fighting multiple simultaneous major theater wars, the militarization of space, and the establishment of a permanent global base network. Crucially, the authors acknowledged that this process of transformation would be likely to be a long one, "absent some catastrophic and catalyzing event – like a new Pearl Harbor".

This statement, often cited in conspiratorial contexts, is crucial for our forensic economic analysis not as evidence of a plot to cause 9/11, but as evidence of *premeditation* regarding the response. The "wish list" of weapons systems, base expansions, and strategic shifts was already written. When the towers fell, the administration did not need to formulate a procurement strategy; they simply pulled the PNAC dossier off the shelf.

1.2 The Personnel Nexus: A Government in Waiting

The operational power of PNAC lay in its signatory list. These were not merely academics; they were the future executors of the war budget. Of the twenty-five original signatories, ten went on to serve in key positions within the Bush administration. This migration created a closed loop where the lobbyists for expanded defense spending became the officials authorizing that spending.

Table 1.1: PNAC Signatories and Administration Roles

Name	PNAC Affiliation	Bush Administration Role	Corporate/Industry Ties Prior to Office
Dick Cheney	Signatory	Vice President	CEO, Halliburton (Oil/Defense Services)
Donald Rumsfeld	Signatory	Secretary of Defense	Chair, Gilead Sciences; Board, ABB
Paul Wolfowitz	Signatory	Deputy Secretary of Defense	Consultant, Northrop Grumman
I. Lewis Libby	Signatory	Chief of Staff to the VP	Consultant, Northrop Grumman
John Bolton	Director	Under Sec. of State; UN Amb.	Consultant; Kirkland & Ellis (Defense Law)
Richard Perle	Signatory	Chair, Defense Policy Board	Trireme Partners (Defense Venture Capital)
Eliot Cohen	Signatory	Defense Policy Board	Strategic Consultant
Zalmay Khalilzad	Signatory	Amb. to	Consultant, Unocal

Name	PNAC Affiliation	Bush Administration Role	Corporate/Industry Ties Prior to Office
		Iraq/Afghanistan	(Oil)

The financial implications of this overlap are profound. Individuals like Paul Wolfowitz and I. Lewis Libby, who had consulted for defense giant Northrop Grumman, were now in positions to influence the strategic direction of the Pentagon, favoring high-tech, capital-intensive warfare that benefited their former (and future) employers.

1.3 The Strategic Alignment with Industry

PNAC's ideology provided the moral cover for industrial expansion. The "transformation" Rumsfeld championed required retiring legacy systems and investing in new, expensive technologies—missile defense, space-based weaponry, and advanced surveillance capabilities. This aligned perfectly with the R&D priorities of major contractors like Lockheed Martin and Boeing.

The "Global War on Terror" provided the unlimited credit card required to fund these ambitions. The defense budget, which had been relatively flat during the post-Cold War "peace dividend" era, nearly doubled between 2001 and 2008. This surge was not driven solely by the operational costs of combat in Afghanistan and Iraq (which were funded via separate supplemental appropriations) but by a systemic increase in base defense spending justified by the new threat environment PNAC had defined.

The "Rebuilding America's Defenses" report specifically targeted the Persian Gulf, noting that while the unresolved conflict with Iraq provided the immediate justification, "the need for a substantial American force presence in the Gulf transcends the issue of the regime of Saddam Hussein". This indicates that the long-term garrisoning of the region—a massive boon for logistics contractors like KBR—was a strategic goal independent of the WMD narrative.

Chapter 2: The Architect of the Nexus: Richard Cheney and the Halliburton Complex

If PNAC provided the theory, Halliburton provided the practice. No single corporate entity is more synonymous with the financial exploitation of the Iraq War than Halliburton and its subsidiary, Kellogg, Brown & Root (KBR). The trajectory of the company from a medium-sized oil field services firm to a global paramilitary logistics giant is inextricably linked to the career of Richard Cheney.

2.1 The Revolving Door: CEO to VP

Richard Cheney served as CEO of Halliburton from 1995 to 2000. During his tenure, he aggressively shifted the company's focus toward government contracting, utilizing his contacts from his time as George H.W. Bush's Secretary of Defense to secure logistics work in the Balkans. When he was selected as George W. Bush's running mate in 2000, Cheney faced a classic conflict of interest scenario.

Publicly, Cheney claimed to have "severed all ties" with Halliburton. In a 2003 interview on *Meet the Press*, he stated: "I have no financial interest in Halliburton of any kind and haven't had, now, for over three years". Forensic accounting of his financial disclosures reveals this

statement to be demonstrably false.

The Financial Tether:

1. **Stock Options:** Upon leaving Halliburton, Cheney retained 433,333 unexercised stock options. While he signed an agreement to donate *profits* from these options to charity, the Congressional Research Service (CRS) issued a report in September 2003 concluding that holding such options constitutes a "financial interest" because the holder retains a vested interest in the company's stock performance.
2. **Deferred Compensation:** Cheney received deferred salary payments from Halliburton totaling hundreds of thousands of dollars during his Vice Presidency (\$205,298 in 2001; \$162,392 in 2002; \$178,437 in 2003). While these payments were for prior work, the CRS noted that receiving ongoing payments from a former employer—particularly one dependent on government contracts—constitutes a "retained tie".
3. **Option Valuation:** The value of Cheney's stock options skyrocketed as the war progressed. An analysis by Senator Frank Lautenberg found that the value of Cheney's options rose by 3,281% in the year following the invasion, increasing from approximately \$241,000 to over \$8 million.

2.2 The Rise of KBR and LOGCAP

The mechanism for Halliburton's dominance was the Logistics Civil Augmentation Program (LOGCAP). This contract vehicle, originally designed to provide ad-hoc support, became the backbone of the US occupation. KBR held the LOGCAP III contract, effectively giving it a monopoly on sustaining US forces in Iraq.

KBR did everything: they built the bases, cooked the food, did the laundry, delivered the fuel, and even handled the mail. By 2008, the company had received over **\$30 billion** for such work.

The "Cost-Plus" Bonanza: The contracts awarded to KBR were primarily "cost-plus-award-fee" contracts. In this model, the government reimburses the contractor for all allowable expenses and pays an additional percentage as profit. This structure creates a perverse economic incentive: the more money KBR spent, the higher their absolute profit. There was no incentive for efficiency; in fact, efficiency reduced revenue. This explains the legendary waste documented by the Special Inspector General for Iraq Reconstruction (SIGIR), including fleets of empty trucks driven back and forth across the desert to bill for mileage, and the burning of new equipment in burn pits rather than repairing or repatriating it.

2.3 The RIO Contract: A Case Study in Collusion

The most egregious example of the nexus between Cheney's office and Halliburton was the Restore Iraqi Oil (RIO) contract. In the months leading up to the March 2003 invasion, the Bush administration secretly planned for the rehabilitation of Iraq's oil sector.

On March 8, 2003—days before the invasion—the Army Corps of Engineers awarded a no-bid contract to KBR to extinguish oil fires and repair infrastructure. The contract had a ceiling of \$7 billion.

The Smoking Gun Email: An internal Pentagon email dated March 5, 2003, unearthed by *Time* magazine, revealed the direct involvement of the political echelon. An Army Corps official wrote that Undersecretary of Defense Douglas Feith (a key neoconservative ideologue) had approved the arrangements "contingent on informing WH tomorrow," and explicitly noted, "We anticipate no issues since action has been coordinated w VP's [Vice President's] office".

This email directly contradicted Cheney's public assertions that he had "absolutely no influence of, involvement of, knowledge of" contracts awarded to his former firm. It demonstrated that the Vice President's office was intimately involved in coordinating a multi-billion dollar sole-source

award to a company in which the Vice President held unexercised stock options.

2.4 The Scale of Wealth Transfer

The sheer volume of capital directed to KBR is difficult to overstate. From 2004 to 2006, KBR won more than \$16 billion in contracts, nearly nine times more than the next closest competitor. By the end of the conflict, estimates suggest KBR received at least \$39.5 billion in federal contracts.

This revenue stream fundamentally altered the company's valuation. Halliburton stock, trading in the \$10-\$20 range in the early 2000s, surged to over \$50 by 2008, driven almost entirely by the government services division (KBR) which was eventually spun off. The war did not just support the company; it transformed it into a sovereign entity capable of operating independent of market forces, secured by the "emergency" nature of its mandate.

Chapter 3: The Private Equity Wars: The Carlyle Group and Financialization

While Halliburton represented the industrial logic of the war (trucks, fuel, concrete), the Carlyle Group represented its financial logic. Headquartered on Pennsylvania Avenue, midway between the White House and the Capitol, Carlyle pioneered the integration of high-level political access with private equity investment strategies.

3.1 The "Ex-Presidents Club"

Carlyle's business model was predicated on what critics termed "access capitalism." The firm hired former high-ranking government officials to serve as advisors, directors, or chairmen. These individuals provided credibility to investors (particularly sovereign wealth funds and wealthy families in the Middle East) and insight into the regulatory and budgetary landscape of the defense sector.

Key Figures in the Carlyle Orbit:

- **Frank Carlucci:** Chairman of Carlyle. Former Secretary of Defense under Reagan and Deputy Director of the CIA. His deep ties to the Pentagon bureaucracy were instrumental in identifying undervalued defense assets.
- **James Baker:** Senior Counselor. Former Secretary of State and Treasury Secretary. His diplomatic connections were vital for raising capital in the Gulf states.
- **George H.W. Bush:** Senior Advisor. The former President (and father of the sitting President) traveled on behalf of Carlyle, giving speeches and meeting with investors in Saudi Arabia and Asia. His presence reassured investors that Carlyle was plugged into the highest levels of American power.
- **John Major:** Former UK Prime Minister, serving as Chairman of Carlyle Europe.

3.2 The Bin Laden Connection

The most infamous of Carlyle's investors was the Bin Laden family—the estranged relatives of Osama bin Laden. The family, a construction dynasty in Saudi Arabia, had invested millions in Carlyle's funds.

On the morning of September 11, 2001, Carlyle was hosting an investor conference at the

Ritz-Carlton in Washington, D.C. Among the attendees was Shafiq bin Laden, a brother of Osama. While the Bin Laden family had disowned Osama years prior, the optics of the Bush family's business partners being related to the architect of the attacks were catastrophic. In the days following 9/11, Carlyle moved quickly to liquidate the Bin Laden holdings and sever ties, but the connection highlighted the uncomfortable intimacy between the American political elite and Saudi capital.

3.3 United Defense: The Crusader Arbitrage

The quintessential example of Carlyle's war profiteering is the case of United Defense Industries (UDI). In 1997, Carlyle acquired United Defense (a manufacturer of combat vehicles and artillery) for approximately \$180 million in cash (part of a larger leveraged buyout valued at \$850 million).

The company's flagship product was the *Crusader*, a heavy, self-propelled artillery system designed for Cold War-era tank battles. By the late 1990s, the Pentagon, focusing on lighter, more mobile forces, considered canceling the program. However, Carlyle's political weight helped keep the program on life support.

Following 9/11, the defense budget was thrown wide open. The 2002 defense appropriations bill, signed by George W. Bush, included \$487 million in funding for the Crusader. While Donald Rumsfeld eventually cancelled the Crusader program in May 2002 as part of his modernization drive, the injection of capital and the general surge in defense spending had already done its work.

In December 2001—just three months after 9/11—Carlyle took United Defense public in an IPO. The stock was aggressively priced, capitalizing on the market's appetite for defense shares in the new "forever war" environment. Carlyle sold its remaining shares in 2004. In total, the firm realized a profit of over **\$1 billion** on the United Defense investment. This transaction remains a masterclass in how political instability can be arbitrated for private gain.

3.4 The QinetiQ Heist

Carlyle replicated this model in the United Kingdom with QinetiQ, the privatized arm of the Defence Evaluation and Research Agency (DERA). In 2003, Carlyle acquired a 33.8% stake in QinetiQ for £42 million. Critics, including the UK National Audit Office, argued the sale was rushed and undervalued the asset, which contained sensitive military technology and intellectual property.

Carlyle used its US connections to help QinetiQ penetrate the American defense market, expanding its revenue base. When QinetiQ was floated on the London Stock Exchange in 2006, the value of Carlyle's stake had ballooned. The firm exited with a profit estimated between £240 million and £300 million (approx. \$470 million). The deal effectively transferred wealth from the British taxpayer to a US private equity firm, facilitated by the transatlantic defense boom of the GWOT.

Chapter 4: The Secret Society of Governance: Skull and Bones

To fully understand the cohesion of the elite networks driving these policies, one must look beyond the boardroom to the social institutions that form the bonds of trust among the ruling

class. The Skull and Bones society at Yale University (Chapter 322) is often dismissed as the stuff of fiction, but sociologically, it functions as a powerful mechanism for elite recruitment and consensus formation.

4.1 The 2004 Anomaly: Bonesman vs. Bonesman

The 2004 US Presidential election presented a historical singularity: both the Republican incumbent, George W. Bush (S&B 1968), and the Democratic challenger, John Kerry (S&B 1966), were members of Skull and Bones. This meant that regardless of the democratic outcome, the presidency would remain held by a member of a secret society that initiates only 15 members per year.

This convergence is not coincidental but indicative of the narrow social stratum from which American leadership is drawn. The Order creates lifelong bonds of loyalty that supersede partisan affiliation. When asked about their membership, both candidates deflected with practiced vagueness. Bush wrote in his autobiography, "It's so secret, I can't say anything more".

4.2 The Intergenerational Web of Influence

Skull and Bones is more than a fraternity; it is an intergenerational transmission belt for the "Establishment." The families associated with the Order—the Tafts, Bundys, Harrimans, and Bushes—have dominated American foreign policy and finance for over a century.

- **Prescott Bush** (S&B 1917): George W. Bush's grandfather, a Senator and partner at Brown Brothers Harriman, who was involved in the early financing of the military-industrial complex.
- **George H.W. Bush** (S&B 1948): A career spanning the CIA (Director), the White House, and Carlyle, exemplifying the seamless transition between intelligence, executive power, and private equity.
- **William Howard Taft** (S&B 1878): The only man to be both President and Chief Justice, and Secretary of War.

In the context of the War on Terror, this network provided George W. Bush with a pre-vetted pool of loyalists. When staffing his administration and the regulatory bodies overseeing the financial sector, Bush relied on the trust networks formed in New Haven.

Table 4.1: Notable Skull and Bones Members in Finance and Defense

Name	Class	Role/Connection	Impact on Post-9/11 Economy
George W. Bush	1968	President of the United States	Authorizer of GWOT; signatory of defense budgets.
Harold Stanley	1908	Co-Founder, Morgan Stanley	His firm was a key underwriter for defense M&A activity.
Frederick W. Smith	1966	Founder, FedEx	Critical logistics partner; integrated into global supply chains.
Evan G. Galbraith	1950	Amb. to France; Defense Rep	Served as Rumsfeld's representative in

Name	Class	Role/Connection	Impact on Post-9/11 Economy
			Europe; pushed for missile defense.
William H. Donaldson	1953	Chairman of SEC (2003-2005)	Oversaw financial markets during the peak of defense stock speculation.

4.3 The Russell Trust and Shadow Finance

The society is incorporated as the Russell Trust Association. This entity holds significant assets and manages the society's property, including the "Tomb" at Yale and Deer Island in the St. Lawrence River. The Trust functions as a tax-exempt organization, yet its activities are entirely opaque. The relevance to the financial exploitation of 9/11 lies in the culture of secrecy and entitlement it breeds. Members are trained to view themselves as the rightful stewards of American power, often operating with a sense of immunity from the democratic oversight that applies to the citizenry. This cultural psychology is essential for understanding how a small group of policymakers could rationalize the deception regarding WMDs and the subsequent profiteering as necessary for the "greater good" of American hegemony.

Chapter 5: The "Prince of Darkness" and the Consulting Class

While Cheney and Rumsfeld operated at the executive level, the operational mechanics of the war—and the profiteering—were handled by a cadre of neoconservative policymakers who maintained active business interests while serving in advisory roles. Richard Perle, often nicknamed the "Prince of Darkness" for his hawkish views and bureaucratic maneuvering, is the archetype of this figure.

5.1 Richard Perle and Trireme Partners

Richard Perle served as the Chairman of the Defense Policy Board Advisory Committee, a deeply influential body that advises the Secretary of Defense. While this was an unpaid position, it provided Perle with the ultimate commodity: access to classified information and the ear of the decision-makers.

In 2003, investigative journalist Seymour Hersh revealed that Perle was a managing partner in a venture capital firm called **Trireme Partners L.P.** Trireme was established in November 2001—just two months after 9/11—specifically to invest in companies dealing in homeland security and defense products.

The Conflict: Perle was advocating for war with Iraq and increased spending on defense technology in his capacity as Board Chairman. Simultaneously, he was soliciting investments for Trireme from wealthy individuals who stood to benefit from that very war.

- **The Boeing Connection:** Boeing invested \$20 million in Trireme. At the time, Perle was in a position to influence Pentagon decisions regarding Boeing's tanker lease deal, a controversial procurement project.
- **The Saudi Meeting:** Hersh reported that Perle met with Adnan Khashoggi, the notorious

Saudi arms dealer, and Zubair, a Saudi industrialist, in Marseilles. The implication was that Perle was monetizing his proximity to the invasion plans to attract Saudi capital into his fund.

When confronted with these allegations, Perle threatened to sue Hersh and famously called him the "closest thing American journalism has to a terrorist". However, the optics were untenable, and Perle was forced to resign his chairmanship on March 27, 2003, though he remained on the board.

5.2 Douglas Feith and the Colonization of Iraq

Douglas Feith, the Undersecretary of Defense for Policy, was the bureaucratic architect of the invasion. He oversaw the Office of Special Plans (OSP), which was accused of manufacturing the intelligence linking Saddam Hussein to Al Qaeda.

Prior to joining the administration, Feith ran a law firm called **Feith & Zell** based in Washington and Israel. After the invasion of Iraq, Feith's former partner, Marc Zell, established the **Iraqi International Law Group (IILG)**.

The IILG marketed itself as the premier gateway for international corporations seeking reconstruction contracts in the "New Iraq." The firm partnered with Salem Chalabi, the nephew of Ahmed Chalabi—the Iraqi exile leader whom Feith and the Pentagon championed as the future leader of Iraq.

The Loop:

1. Feith (Pentagon) destroys the Iraqi regime and oversees the Coalition Provisional Authority (CPA).
2. The CPA issues orders privatizing the Iraqi economy (Order 39).
3. Feith's former law partner (Zell) and the nephew of Feith's chosen Iraqi leader (Chalabi) set up a firm to charge fees to companies navigating the legal framework Feith helped create.

This structure represents the privatization of foreign policy at its most granular level. The war created a market vacuum, and the architects of the war ensured their networks were positioned to be the gatekeepers of that market.

5.3 John Bolton: The Monetization of Hawkishness

John Bolton, a PNAC director, served as Under Secretary of State for Arms Control and later as UN Ambassador. Throughout his career, Bolton has utilized the "revolving door" to monetize his hardline credentials.

Between government stints, Bolton served as "Of Counsel" to **Kirkland & Ellis**, a massive law firm with a significant government contracts practice representing clients like Boeing, Raytheon, and Northrop Grumman. His role at the firm allowed him to provide "geopolitical risk" advice to corporate clients.

Furthermore, Bolton's financial disclosures from 2018 (prior to becoming National Security Advisor) revealed income from the **American Enterprise Institute (AEI)**, **Fox News**, and various speaking engagements funded by conservative groups. His hawkish public persona—advocating for strikes on Iran and North Korea—drives his value as a commentator and consultant. The more dangerous the world appears, the higher the premium on Bolton's brand of advice.

Chapter 6: The Pandemic of Profit: Donald Rumsfeld and Gilead

While most war profiteering centered on ballistics and logistics, Donald Rumsfeld's financial conflict lay in the intersection of biosecurity and public panic. Before becoming Secretary of Defense in 2001, Rumsfeld served as the Chairman of **Gilead Sciences**, a California-based biotechnology company.

6.1 The Tamiflu Windfall

Gilead held the patent for Oseltamivir, marketed as **Tamiflu**, an antiviral drug. Rumsfeld held a significant equity stake in the company when he entered the Pentagon.

In 2005, amid the chaos of the Iraq War, a new threat emerged: H5N1 Avian Influenza ("Bird Flu"). The Bush administration, spearheaded by the Department of Homeland Security and the Pentagon, developed a pandemic response plan that relied heavily on stockpiling antivirals. The Pentagon ordered massive quantities of Tamiflu for U.S. troops. Consequently, Gilead's stock price surged. Financial disclosures revealed that Rumsfeld's holding in Gilead grew significantly, resulting in a capital gain of over **\$5 million**.

6.2 The Ethics of Recusal

Rumsfeld recused himself from specific decisions regarding Gilead. However, the conflict was structural. The Secretary of Defense was a key voice in defining the national security threat landscape. By elevating the threat of bioterrorism and pandemics (a key theme of the post-9/11 security state), the administration directly influenced the market value of the assets held by its Defense Secretary. It was a passive form of insider trading where policy decisions drove market outcomes from which the policymaker inevitably benefited.

Chapter 7: Hydrocarbon Hegemony: The Battle for Iraqi Oil

The mantra "No Blood for Oil" was the rallying cry of the anti-war movement. The administration countered that Iraq's oil belonged to the Iraqi people. The forensic reality lies somewhere in between: a complex struggle for contractual control over the world's second-largest proven reserves.

7.1 The Ambition: Production Sharing Agreements (PSAs)

The initial goal of the neoconservatives and the oil majors (ExxonMobil, Chevron, BP, Shell) was to dismantle the state-run oil monopoly and implement **Production Sharing Agreements (PSAs)**. PSAs are the "holy grail" for International Oil Companies (IOCs) because they allow the company to book the oil reserves as assets on their own balance sheets and take a share of the "profit oil" for decades, often capturing the upside of price increases.

The State Department's "Future of Iraq" project and the CPA's early orders envisioned a privatized oil sector. However, the Iraqi oil technocracy and nationalist politicians fiercely

resisted this, viewing it as a return to colonial-era concessions.

7.2 The Reality: Technical Service Contracts (TSCs)

Unable to force through a PSA-friendly oil law in Baghdad, the Iraqi Ministry of Oil eventually offered **Technical Service Contracts (TSCs)** in 2009. Under a TSC, the oil remains the property of the state. The foreign company is paid a fixed fee (remuneration fee) for every barrel produced above a baseline.

For the majors, the terms were disappointing.

- **ExxonMobil** won the contract for the super-giant West Qurna 1 field but agreed to a remuneration fee of only \$1.90 per barrel.
- **BP/CNPC** won Rumaila for \$2.00 per barrel.

These thin margins meant that the expected "bonanza" for the US majors did not materialize in the form of booked reserves. In fact, ExxonMobil later sought to sell its stake in West Qurna 1 to PetroChina, as the contract was not sufficiently profitable compared to opportunities elsewhere.

7.3 The True Winners: Service Companies and China

While the majors struggled with TSCs, the **oil field service companies**—Halliburton, Schlumberger, Baker Hughes—profited immensely. Unlike the majors, who take equity risk, service companies are paid cash for drilling, cementing, and logging wells. They get paid whether the well is profitable or not.

Table 7.1: The Divergent Fates of Oil Interests

Entity Type	Example Companies	Contract Model	Financial Outcome in Iraq
IOC Majors	ExxonMobil, BP, Shell	TSC (Technical Service Contract)	Low margin (\$2/bbl); High political risk. Disappointing returns.
Service Companies	Halliburton, Schlumberger	Service/Work Contracts	High margin. Paid in cash for services rendered. Massive revenue growth.
State Oil Companies	CNPC (China), Petronas (Malaysia)	TSC	Strategic winners. Willing to accept low margins to secure supply for national demand.

Ironically, the Iraq War—fought by the US—opened the door for China (CNPC) to become the largest dominant player in the Iraqi oil sector. The US taxpayer subsidized the security environment that allowed Chinese state firms to extract resources for the Asian market.

Chapter 8: The Macroeconomic Fallout: A Three Trillion Dollar Transfer

The financial exploitation of 9/11 cannot be measured solely by the profits of individual firms. It

must be understood as a macroeconomic event that reshaped the US fiscal landscape.

8.1 The Shadow Budget

Economists Joseph Stiglitz and Linda Bilmes conducted the definitive analysis of the war’s cost. They argued that the Bush administration systematically underestimated the cost of the war, keeping it "off the books" through the use of **Emergency Supplemental Appropriations**. Unlike the base defense budget, these supplemental bills were not subject to the same caps or oversight. They became vehicles for "pork" and non-war related spending. Stiglitz and Bilmes estimated the true cost of the Iraq War—including long-term medical care for veterans, disability payments, and the interest on the debt incurred—to be over **\$3 trillion**.

8.2 The Debt-Financed War

Historically, the US raised taxes to pay for wars (e.g., the Korean War tax surcharges). The Bush administration did the opposite: they cut taxes (2001 and 2003) while launching two major wars. This necessitated that the entire war effort be funded by debt. This debt financing benefited the financial sector (which bought and traded the Treasury bonds) and the defense sector (which received the spending), while the liability was transferred to the public balance sheet. It was a classic "privatize profits, socialize costs" model.

8.3 The Defense Sector Decoupling

The most visible metric of this wealth transfer is the stock performance of the prime defense contractors. From 2001 to 2011, while the S&P 500 suffered through the Dot-Com crash and the 2008 Financial Crisis, defense stocks remained a safe harbor, buoyed by the guaranteed revenue of the GWOT.

Table 8.1: Defense Stock Growth (2001-2011) (Indicative Trends)

Company	Key Product in GWOT	Stock Trend Context
Lockheed Martin	F-22, F-35, IT Services	Profits doubled; stock outperformed S&P significantly
General Dynamics	Stryker Vehicles, MRAPs	Massive demand for armored vehicles in Iraq drove revenue.
Raytheon	Tomahawk Missiles, Sensors	Precision munitions demand remained constant.
Halliburton	Logistics (KBR)	Stock surged from ~\$10 (2002) to ~\$50 (2008) before spin-off.

An investment of \$10,000 in a basket of defense stocks on September 10, 2001, would have yielded returns vastly superior to the broader market, confirming that for this sector, the decade of terror was a golden age.

Conclusion: The Structural Legacy of the War Economy

The forensic evidence assembled in this report leads to a sobering conclusion. The financial exploitation of 9/11 was not the work of a few "bad apples" or isolated incidents of corruption. It

was the result of a systemic alignment between a neoconservative ideology that viewed war as a necessary instrument of policy (PNAC), and a corporate structure designed to monetize that policy (Halliburton, Carlyle, Defense Primes).

The **Skull and Bones** network provided the social cohesion and trust that allowed these actors to operate with impunity. The **revolving door** ensured that knowledge of government requirements and private capability flowed seamlessly between the Pentagon and K Street. The **legal structures**—from deferred compensation to cost-plus contracts—sanitized the profiteering, making it legal, if not ethical.

Ultimately, 9/11 served as the "catalyzing event" predicted by PNAC, not just for military transformation, but for economic transformation. It cemented a political economy where the state functions primarily as a mechanism for collecting revenue from the many and disbursing it to the few who provide the apparatus of security. The \$39.5 billion to KBR, the \$1 billion Carlyle profit, and the \$5 million Rumsfeld windfall are merely data points in a much larger story of how the machinery of American democracy was hijacked by the business of war.

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