

The Cross of Iron

By Conn Hallinan | December 19, 2003

With less than a year before the next election, the recent scandal over a sweetheart deal to lease air tankers from the Boeing Corporation underlines the enormous and disturbing power the arms industry exerts on American politics.

The original deal involved leasing 100 Boeing 767s for \$22.9 billion, several billion dollars more than it would have cost to buy them outright. The scheme unraveled when Sen. John McCain (R-AZ) revealed that Boeing had rigged the bidding through White House Chief of Staff Andrew Card. In the uproar that followed, the Department of Defense (DOD) recast the deal: lease 20 tankers and buy 80, saving a little over \$4 billion.

The whole business, however, is a sobering reminder of how lobbyists and Political Action Committee (PAC) contributions can distort the political process. “The curtain has been lifted on the real power brokers in Washington,” noted Keith Ashdown, vice-president of Taxpayers for Common Sense.

There is serious money involved in all this. While the official military budget for 2004 will be \$401.3 billion, that figure doesn't include a number of add-ons, from the cost of the Afghanistan and Iraq wars, to the production and maintenance of nuclear weapons. The actual price tag for military spending in fiscal 2004 will be \$486 billion, or 56% of all federal discretionary spending.

That figure is likely to rise, given the recent failure of the Madrid conference to generate little more than loans and import credits for Iraq—the war that has already cost \$65 billion.

The huge outlays for the military are beginning to worry even those in Congress who normally rubber-stamp whatever weapon system comes along. Recently a group of pro-defense Democrats, the so-called “Blue Dog Coalition,” calculated the impact of tax cuts and military spending and found that White House claims that the national debt would be halved

by 2008 were 180 degrees off. It seems the Bush administration never added in the cost of the Afghan and Iraq wars. Inserting those expenditures jumped the national debt from \$4 trillion to \$8.4 trillion by 2008.

Arms and Politics

But getting a handle on military spending will be no easy task. Besides the mega-corporations, the industry includes some 185,000 companies, making it the 13th largest economy in the world. According to a study by the World Policy Institute, weapons manufactures pumped \$10.9 million into the 2002 elections, a 23% increase over the 1998 elections. Besides Political Action Committee (PAC) money, the arms companies also spend tens of millions on lobbying.

Common Cause found that Boeing, which made over \$2 billion in profits last year, spent more than \$40 million lobbying Congress between 1998 and 2002. The company has 92 lobbyists on the Hill. Between Boeing, Northrop Grumman, Lockheed Martin, Raytheon, and Alliant Techsystems, arms corporations spent upwards of \$800 million for lobbying between 2000 and 2003.

It was money well spent. Boeing wasn't the only company that profited. Northrop Grumman turned a \$59 million loss last year into a \$184 million gain this year.

Increasingly, those in power are direct representatives of arms giants like Boeing, Lockheed Martin, Northrop Grumman, United Technologies, General Electric, Textron, Raytheon, and Alliant Techsystems. The World Policy Institute found that 32 high administration officials were former arms company



Foreign Policy In Focus (FPFIF)

www.fpi.org
A Think Tank Without Walls

executives, consultants, or shareholders. Some 60% of the companies had employees or board members who had served, or had close ties, with the executive branch or Congress.

According to the Center for Political Integrity, nine out of 30 past and present members of the influential Defense Policy Board, had ties to defense firms with \$76 billion in DOD contracts.

The list is a veritable “who’s who” in the Bush administration:

In Boeing’s corner are Deputy Secretary of State Richard Armitage (consultant), and Senior White House Adviser Karl Rove (shareholder). Armitage is also on the advisory board of Raytheon, maker of the Tomahawk Cruise missile and the Paveway laser-guided bomb.

Representing Northrup Grumman is White House Chief of Staff, I. Libby Lewis, (consultant); Under Secretary of Defense Douglas Feith (legal client); Deputy Sec. of Defense Paul Wolfowitz (consultant); Air Force Secretary James Roche (former president); and Air Force Assistant Secretary Nelson Gibbs (comptroller).

Lockheed Martin, the largest arms company in the world, has a stable that includes: Deputy National Security Adviser Stephen Hadley (legal client); Transportation Secretary Norman Mineta (shareholder); Deputy Attorney General Larry Johnson (legal client); Vice-President Dick Cheney’s wife, Lynn (former director); Air Force Assistant Secretary Peter Teets (former CEO); Navy Secretary Gordon England (former president).

While two-thirds of the lobbying and PAC money goes to Republicans, the arms corporations have key Democratic supporters as well, including John Mertha (D-PA), ranking member of the House Appropriations Defense Subcommittee (Boeing and Lockheed Martin); Jim Moran (D-VA) of the Defense Subcommittee (Boeing); Norman Dicks (D-WA), Defense Subcommittee (Boeing); and the man for all seasons, Ike Skelton (D-MO) ranking member of the House Armed Services Committee (Northrup Grumman; Raytheon; Lockheed Martin; Alliant Techsystems).

Linda Daschle, wife of Senate Minority Leader, Tom Daschle, is a paid lobbyist for Lockheed Martin, and defense firms have close ties with the powerful Democratic Leadership Council, including Party Chair, Donna Brazille.

On the surface there is an illusion of “competition” between the arms giants, but in reality the defense pie is carefully apportioned. Visualize, for a moment, an F/A-18 Super Hornet (\$39.5 million) warming up on the deck of an aircraft carrier. Boeing makes the plane, Northrup Grumman the airframe, and General Electric the engines. It bristles with firepower, including AGM-84H air to surface missile (Boeing, \$475,000); an AGM-Maverick anti-tank missile (Raytheon, \$110,000); a GBU-24 Paveway laser guided bomb (Raytheon, \$55,600); a GBU-87 cluster bomb (Alliant Techsystems, (\$13,941); and an AGM-88 anti-radar missile (Texas Instruments, \$200,000).

By defense spending standards, the Super Hornet is a middling costly system, not as cheap as Lockheed Martin’s F-16 fighter-bomber (\$19 million), but nowhere near as costly as Lockheed’s F-22 stealth fighter (\$128 million).

Boeing, Lockheed Martin, and Raytheon have also cornered 60% of the Bush administration’s anti-ballistic missile (ABM) system, a technology we have spent some \$95 billion on already, according to the Center for Defense Information. The U.S. will spend \$9.1 billion on the ABM next year.

Sometimes defense firms play a direct role in policy formation. Bruce Jackson, Lockheed Martin’s vice-president for corporate strategy and foreign policy, openly bragged to journalist and space weapons expert, Karl Grossman that “I wrote the Republican foreign policy platform.”

The arms companies also use think tanks, like the American Enterprise Institute or the Heritage Foundation as lobbies. Thomas Donnelly was executive director of the Project for the New American Century, a think tank that created the Bush administration’s blueprint for pre-emptive war. One of the Project’s main goals was to dismantle the ABM Treaty and deploy an anti-missile system. When Donnelly resigned from the Project he became Lockheed

Martin's director of strategic communications initiatives, a major ABM contractor.

The Cross of Iron

The consequences of allotting almost 60% of discretionary spending on the military are sobering. In five years, 77 million baby boomers will reach retirement age; in eight years, they start collecting Medicare.

Jagadeesh Gokhale, senior economist at the Federal Reserve Bank, and Kent Smetters, former deputy Assistant Secretary for Economic Policy for the U.S. Treasury, added up all future revenues the government can expect to collect, minus future expenditures, and hit the "calculate button." What they came up with was the perfect economic storm: \$44 trillion in the hole.

The number is so enormous, the terrain so unfamiliar, that it is impossible to imagine a deficit of that size without fundamental economic dislocation.

However, given the power and influence of the arms corporations, it will be hard to rein in the financial hemorrhage caused by military spending, which increasingly comes from the pockets of the average American.

According to the National Priorities Project, spending \$100 billion in Iraq—we will be lucky to get out for twice that much—will cost federal taxpayers across the country hundreds of millions of dollars; New York, \$2.4 billion; Detroit, \$182 million; Denver, \$152 million; Des Moines, \$142 million, Atlanta, \$80 million.

More than 40 years ago, President Dwight D. Eisenhower warned that military spending would crucify humanity on, "a cross of iron." Preventing that crucifixion will take a serious re-examination of the growing power of those who forge that cross.

(Conn Hallinan <connm@cats.ucsc.edu> is a provost at the University of California at Santa Cruz and a political analyst for Foreign Policy in Focus (online at www.fpif.org.)

Published by Foreign Policy In Focus (FPiF), a joint project of the Interhemispheric Resource Center (IRC, online at www.irc-online.org) and the Institute for Policy Studies (IPS, online at www.ips-dc.org). ©2003. All rights reserved.

Foreign Policy In Focus

“A Think Tank Without Walls”

Established in 1996, Foreign Policy In Focus is a network of policy analysts, advocates, and activists committed to “making the United States a more responsible global leader and global partner.” For more information, visit www.fpiif.org.

Recommended citation:

Conn Hallinan, “Cross of Iron,” (Silver City, NM & Washington, DC: Foreign Policy In Focus, December 19, 2003).

Web location:

<http://www.fpiif.org/commentary/2003/0312ironcross.html>

Production Information:

Writer: William D. Hartung

Editor: John Gershman, IRC

Layout: Tonya Cannariato, IRC

p. 4

www.fpiif.org

A Think Tank Without Walls

