

# The Big Four

America's four biggest weapons manufacturers, Lockheed Martin, Boeing, Raytheon and TRW receive one out of every four dollars doled out by the Pentagon. In the corporate welfare program known as "Missile Defense," the Big Four's monopoly is even more complete – they have received about 60% of all these contracts.

## LOCKHEED MARTIN



By William D. Hartung, Senior Fellow, World Policy Institute; Director, Arms Trade Resource Center.

### Nukes & "Missile Defense"

Lockheed Martin (LM) is the world's largest weapons producer, and a major contractor for nuclear weapons and "Ballistic Missile Defense" (BMD).

LM is the prime contractor for the Trident II multiple-warhead ballistic missile, for Trident submarines. It is the only long-range U.S. nuclear missile now in production. As prime contractor for the DoE-funded, Sandia National Labs, LM also designs and produces other nuclear warheads. LM has a major subcontract at the Nevada nuclear test site to carry out "subcritical testing" that exploit loopholes in the Comprehensive Nuclear Test Ban Treaty (which the U.S. has not ratified).

As it profits from making the next generation of nuclear weapons, LM is also heavily invested in BMD. It is the lead contractor for Theater High-Altitude Area Defense (THAAD), designed to intercept medium-to-long-range ballistic missiles. Although LM's THAAD failed in 6 out of 8 tests, its contract was extended for another \$4 billion. LM also: (a) designs and builds vehicles to launch the interceptor and "kill vehicle" for land-based version of "NMD;" (b) is the prime contractor for the Space-Based Infrared System-High, a "Missile Defense" early warning system plagued by cost overruns and technical problems; (c) is a major contractor for the Space-Based Laser program scheduled for its first test in 2012 and (d) plays a central role in "Team ABL," a partnership with Boeing and TRW to design and produce Airborne Lasers.

Lockheed Martin will also profit handsomely from sea-based approaches to missile defense, since many of the

proposed sea-based interceptors use LM's AEGIS air defense system.

### Influence Peddling

LM is the "leader of the PACs" (Political Action Committees) among U.S. weapons makers. The Center for Responsive Politics, says LM made over \$10.6 million in contributions to candidates and party committees between 1990 and 2000, including \$3.4 million in the run-up to the 2000 elections.

LM was the top corporate contributor to members of the House Armed Services Committee (1999-2000), and among the top ten contributors to the powerful House Appropriations Committee. LM has strong ties to both major parties. Its VP, Bruce Jackson, was a top fundraiser for the 1996 "Dole for President" campaign, and was chief drafter of the Republican party's foreign policy platform in 2000. Former LM board member and major shareholder Bernard Schwartz, the CEO of Loral Space, was a top soft money donor to the Democrats in the 1996 and 2000 presidential elections, giving \$601,000 and \$1.1 million to Democratic committees in those election cycles, respectively.

### Civilian Contracts

LM has aggressively sought data processing contracts at the federal, state and local levels. Its Information Management Systems division is used by the Internal Revenue Service, the U.S. Census Bureau, the states of California, Florida and Connecticut, and cities like New York and Washington, D.C.

Activists in Texas and California targeted LM's role as a major weapons contractor to protest its "human services" projects. Its bid to take over the Texas welfare system was foiled in part by the Texas State Employees Union's radio ads with the punch line:

"Do you want the company that gave

us the \$3,000 toilet seat to run public services in the state of Texas."

The ad used the sound of a toilet flushing in the background.

[Editor's Note: In 2003, then Industry Minister Allan Rock awarded LM the contract for a 2004 test run of the next Canadian census. Despite widespread protests, in October 2004, the Liberal government finalized a \$43.3-million deal involving Lockheed Martin Canada in the 2006 census.]

### Global Presence

LM is the world's largest arms exporting company. Its most lucrative export item is the F-16 combat aircraft. It has sold over 3,000 F-16s to overseas customers since the mid-1970s. The client list for the plane includes Israel, Turkey, Pakistan, Indonesia, Taiwan, South Korea, Thailand, Egypt and Venezuela.

In late 2001, the company won what has been touted as "the largest defense contract in history," a \$19 billion development contract for the \$200 billion Joint Strike Fighter program. Customers include the U.S. Air Force, Navy and Marines, and the UK Navy and Air Force. Potential customers include Germany, Turkey and Israel.

Former company CEO Norman Augustine was a major lobbyist for the more than \$7 billion per year handed out by the U.S. government to U.S. arms exporters to help them hawk their products around the world. Both Augustine and company VP Bruce Jackson promoted the expansion of NATO, in the hopes of selling weapons to new NATO member states.

In 2000, LM received the largest fine in the history of the U.S. Arms Export Control Act for illegal transfers to China that may have been utilized to improve its ballistic missiles.

**Sources:** Prepared for the Arms Trade Resource Center using company documents, annual reports, contract data, Pentagon press releases, *Defense News*, *Aviation Week and Space Technology*, and *Jane's Defence Weekly*.