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Facilities and Subsidiaries

Boeing is the world's biggest commercial jet producer, NASA's largest contractor and America's largest exporter. Boeing and its subsidiaries employ about 200,000 people in 60 countries and 26 states and have customers in 145 countries. Since 1997, when Boeing acquired military giant McDonnell Douglas for \$14 billion¹, Boeing has ranked as the Pentagon's No. 2 contractor. Sales to commercial airlines constitute 60% of Boeing's business. In the aftermath of September 11, 2001, Boeing's stock plummeted 16.8%.

What They Make

Boeing is involved in everything from operating the Space Shuttle, to creating new satellite-based information and communications services, and overseeing many "Missile Defense" (MD) programs. After Boeing's initial \$1.5 billion National Missile Defense (NMD) contract in 1998, it got a \$6 billion follow-on contract in 2000. As Prime Contractor for the contentious and dubious NMD system, Boeing is responsible for all NMD elements (ground-based interceptor, ground-based radar and the battle management command, control and communications system). The contract has a potential value of \$13 billion. Boeing is working on the Navy's Theater-Wide MD system and the Airborne Laser program. Boeing also makes guidance systems for Minuteman and Peacekeeper missiles.

Aircraft and Missiles

Boeing produces some of the most advanced warplanes in the world, and a wide variety of "precision" munitions including cruise missiles, air-to-ground missiles and Harpoon missiles. Among the aircraft are the F-15 Eagle (the world's most sophisticated fighter plane and "backbone" of the U.S. Air Force (USAF)); the C-17 Globemaster (the USAF's "premier" airlifter) and the

AH-64D Apache Longbow (the most "lethal, survivable, deployable and maintainable multimission combat helicopter in the world.") Working with Bell Helicopter Textron, Boeing is developing the Marine's troubled V-22 Osprey. Sikorsky and Boeing are building the RAH-66 Comanche combat helicopter for the Army. Buyers include the UK, Turkey, Israel, Egypt, Saudi Arabia, Greece, South Korea, Taiwan and Brazil.

Boeing also has a role in developing the three next generation fighter aircraft (conceived during the Cold War): (a) the USAF's \$62 billion F-22 being built with Lockheed Martin, (b) the Navy's \$46 billion F/A 18 E-F Super Hornet being built by Boeing, and potentially, the \$200 billion Joint Strike Fighter (JSF) for the Marines, Navy and the USAF. (In 2001, this contract was awarded to Lockheed, but there is discussion of sharing work with Boeing).

Taking Care of Business

In addition to cultivating ties to members of Congress and the Pentagon through campaign contributions and high-paid lobbyists, Boeing provides financial support to such organizations as Frank Gaffney's right-leaning Center for Security Policy (CSP). Former Senior Vice President (VP) of Boeing's Washington Operations, Stanley Ebner, and Andrew Ellis, Boeing's VP for Government Relations, are on the CSP's Board.

Another inside connection, is the former U.S. Under Secretary of State for Political Affairs, Thomas Pickering, who became Boeing's Senior VP for International Relations. He had a long diplomatic career as U.S. Ambassador to Russia, India, Israel, El Salvador, Nigeria and Jordan.

International Influence

While Boeing works hard to shape policies in Washington, it is also a major international player. Boeing helped sponsor the World Trade Organization's (WTO) Seattle meeting in 1999. In return for \$9.2 million in donations, multinational corporations were given privileged access to WTO proceedings.

As "Emerald" sponsors, weapons contractors Boeing and Allied Signal/Honeywell ponied up \$250,000 or more. This gave them seats at WTO receptions, an exclusive ministerial dinner, private sector conferences and other 'insider' perks.

What's in it for these arms makers? A lot. They are interested in the WTO because they are becoming truly multinational companies, dependent on exports to boost their profit margins and willing to enter into joint ventures, partnerships and mergers with foreign companies. It's no surprise that Boeing, making \$13 billion per year selling missiles, warplanes and other weapons systems (\$3 billion in arms exports), would be a prime WTO sponsor.

Under the WTO, arms companies get a double benefit: (a) thanks to the WTO process, they profit from the elimination of environmental, health and labor standards, (b) their military activities – including massive research and export subsidies from home governments – are EXEMPT from challenge under the WTO's "security exception." This gives governments a perverse incentive to invest in the military at the expense of civilian projects.

NATO Expansion

In April 1999, while NATO 'smart' bombs rained down on Kosovo, a glittery gala party took place in Washington to celebrate NATO's 50th anniversary. An A-list of arms makers, including Boeing, each shelled out \$250,000 for banquets, cocktail receptions, luncheons and events at embassies of new NATO allies: Poland, the Czech Republic and Hungary. NATO expansion is estimated to be worth \$10 billion in fighter aircraft sales alone.

Sources: Prepared for the Arms Trade Resource Center, World Policy Institute, New York, using data from the websites of Boeing <www.boeing.com> and the Center for Responsive Politics <www.opensecrets.org>.

Endnote:

1. Boeing's purchase of McDonnell Douglas was subsidized by Pentagon payments for executive bonuses, layoffs and other "restructuring costs" under the 1993 "Payoffs for Layoffs" legislation which passed after massive political contributions from military contractors.