

Defense Sector Spent \$101 Million on Lobbying During the First Three Quarters of 2022

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The defense sector <u>spent</u> over \$101 million on federal lobbying during the first three quarters of 2022 and affiliates of these companies have <u>contributed</u> \$17.5 million to members of Congress during the 2022 midterm election cycle as of Oct. 19, a new <u>OpenSecrets analysis</u> found.

Congress is expected to pass the largest Pentagon spending bill in history after the midterm election. A huge share of the <u>potential \$858 billion package</u> passed by the <u>Senate Armed Services Committee</u> – which still <u>needs to be approved</u> by both the House and Senate – will likely go to companies in the defense sector. One-third to half of the money allocated to the Department of Defense and related programs went to defense contractors from 2001 to 2020, the Brown University Costs of War Project <u>found</u>.

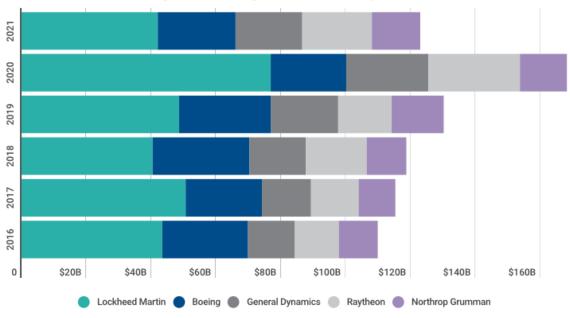
The lion's share of Pentagon contracts have historically gone to five companies – <u>Lockheed Martin</u>, <u>Raytheon</u>, <u>Boeing</u>, <u>Northrop Grumman</u> and <u>General Dynamics</u>. These five companies spent \$44.5 million of the total \$101 million the sector has spent on federal lobbying during the first nine months of 2022.

<u>Aerospace</u> and defense prime contractors -those that bid to work directly with the government on certain contracts - dramatically consolidated from 51 in the 1990s to just these five companies today, according to a <u>February report</u> from the Department of Defense.

From 2016 to 2021, Lockheed Martin, Raytheon, Boeing, Northrop Grumman and General Dynamic raked in more than \$765 billion from the federal government, including \$704.8 billion from the Department of Defense.

The top 5 military contractors received more money from the federal government than any other government contractor from 2016 to 2021

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Source: OpenSecrets analysis of "Top 100 Contractor Reports" from 2016 through 2021 on SAM.gov .



These five contractors received more money from the Department of Defense and the federal government than any other government contractor since 2016 – only Pfizer breached the top five Department of Defense contractor ranks during 2021 amid the coronavirus vaccine rollout that year.

The defense sector is spending <u>less money</u> on federal lobbying this year than it has in prior years as <u>demand for weapons to Ukraine continues</u> and the U.S. flirts with <u>"great power competition"</u> against Russia and China. Inflation is also <u>helping to drive</u> Pentagon budget increases.

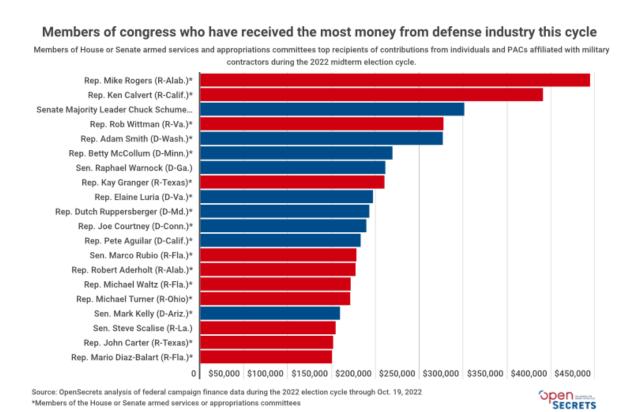
"I really think inflation is driving this thing," said Stephen Semler, the co-founder of the Security Policy Reform Institute, a grassroots think tank that promotes U.S. foreign policy reform.

Inflation is at the <u>highest level</u> in decades, and defense contractors and industry groups including the <u>Aerospace Industries Association</u> and the National Defense Industrial Association have <u>pushed</u> for a higher Pentagon budget and adjustments to fixed price contracts to account for higher costs.

Members of armed services and appropriations committees attract most defense sector contributions

Of the \$19.5 million the defense sector – plus Boeing, which OpenSecrets codes as part of the <u>transportation industry</u> – <u>contributed</u> to congressional candidates during the 2022 election cycle, \$17.5 million went to incumbent members of Congress.

The largest recipients of contributions from affiliates of those defense companies serve on the House or Senate armed services and <u>appropriations</u> committees, which are responsible for crafting the annual <u>National Defense Authorization Act</u>. That act funds the annual defense spending – and, by extension, a <u>substantial part</u> of these defense contractors' coffers – every year.



One leading voice in Congress calling for the Pentagon budget to rise with the rate of inflation is Rep. <u>Mike Rogers</u> (R-Ala.), <u>ranking member</u> of the House Armed Services Committee. He's also the top recipient of contributions from the defense sector this cycle, having <u>received</u> over \$444,000 from individuals and PACs affiliated with defense contractors during the 2022 election cycle.

The defense sector also contributed more money to Rogers' campaign this election cycle than any other sector since 2012, according to OpenSecrets' data.

"Remember: At the end of the day, getting the inflation number right is important, but it's only part of the story. If we want to protect our country and meet national security needs, we need 3 to 5 percent real growth above inflation. We plan to accomplish this goal in this year's NDAA," said a May <u>press release</u> from Rogers and Sen. <u>James Inhofe</u> (R-Okla.), <u>ranking member</u> of the Senate Armed Services Committee.

While affiliates of the defense sector typically give about equally to support incumbent Democrats and Republicans, individuals and PACs have contributed three times as much money to Republican non-member candidates as Democratic ones. Republican candidates who are not currently members of Congress have collectively received just under \$1.5 million, while Democratic non-member candidates have received \$486,500.

Defense sector cites inflation to justify increased Pentagon budget

In a letter to leaders of the appropriations and armed services committee this May, the Aerospace Industries Association, a defense industry trade group, <u>urged them</u> to pass defense spending and authorization bills before the end of the fiscal year to show "resolve in the face of Russian and Chinese aggression."

"Three to 5 percent growth above the inflation rate is the level of investment required to support America's global force, maintain our competitive edge over adversaries, and catch up technologically in areas where we are falling behind," wrote Aerospace Industries Association President and CEO Eric Fanning.

The National Defense Industrial Association also <u>claimed</u> that the Department of Defense will lose more than \$110 billion in buying power between fiscal year 2021 and 2023.

The Pentagon spending package passed by the Senate Armed Services Committee at the end of June <u>added</u> \$45 billion to President <u>Joe Biden</u>'s initial request.

But defense spending has never been tied to inflation, and economy-wide inflation rates are a poor indicator of price changes for defense-specific purchases, Heidi Peltier, director of the Costs of War Project and a senior researcher at Brown University's Watson Institute for International Public Affairs, <u>wrote</u> in May.

"If inflation were the only concern, the NDAA would be at most a few billion over the original proposal, nothing like \$45 billion, which far surpasses not only Biden's request but also any reasonable amount of inflation that the DoD would actually experience," Peltier said in a written statement to OpenSecrets.

Boeing reported a significant \$2.8 billion loss on its defense programs during its third quarter earnings call, primarily due to cost overruns on the KC-46 tanker and new Air Force One, Defense One <u>reported</u>. While the company <u>cited inflation</u> as one of several challenges facing Boeing and the industry, Boeing's cost overruns for the KC-46 program had already <u>exceeded \$5 billion</u> in January 2021.

Under the firm fixed-price contract, Boeing paid those cost overruns <u>out-of-pocket</u>. But leaders from the Aerospace Industries Association and the National Defense Industries Association <u>reportedly</u>pressed the Pentagon and members of Congress to increase the ceiling on firm-fixed-price contracts to account for inflation.

"There's a myth that's perpetuated by the arms industry and also establishment figures like [President Joe] Biden that military spending equals security, that there's a causal link between the two as if security is a commodity that can only be purchased through Pentagon appropriations," Semler told OpenSecrets. "Now, because of inflation, under that logic, it means we can buy less, so we're buying less security unless we increase the budget."

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Featured image: President Joe Biden delivers remarks to Department of Defense personnel at the

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