

How the Arms Industry Scams the Taxpayer

Contractors Cash in as Congress Adds Billions to the Pentagon Budget

By [Julia Gledhill](#) and [William D. Hartung](#)

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Congress has spoken when it comes to next year’s Pentagon budget and the results, if they weren’t so in line with past practices, should astonish us all. The House of Representatives voted to add [\\$37 billion](#) and the Senate [\\$45 billion](#) to the administration’s already humongous request for “national defense,” a staggering figure that includes both the Pentagon budget and work on nuclear weapons at the Department of Energy. If enacted, the Senate’s sum would push spending on the military to at least \$850 billion annually, [far more](#) — adjusted for inflation — than at the height of the Korean or Vietnam wars or the peak years of the Cold War.

U.S. military spending is, of course, astronomically high — more than that of the next [nine countries](#) combined. Here’s the kicker, though: the Pentagon (an institution that has [never passed](#) a comprehensive financial audit) doesn’t even ask for all those yearly spending increases in its budget requests to Congress. Instead, the House and Senate continue to give it extra tens of billions of dollars annually. No matter that Secretary of Defense Lloyd Austin has [publicly stated](#) the Pentagon has all it needs to “get the capabilities... to support our operational concepts” without such sums.

It would be one thing if such added funding were at least crafted in line with a carefully considered defense strategy. More often than not, though, much of it goes to multibillion dollar weapons projects being built in the districts or states of key lawmakers or for items on Pentagon wish lists (formally known as “[unfunded priorities lists](#)”). It’s unclear how such items can be “priorities” when they haven’t even made it into the Pentagon’s already enormous official budget request.

In addition, throwing yet more money at a department incapable of managing its current budget only [further strains](#) its ability to meet program goals and delivery dates. In other words, it actually impairs military readiness. Whatever limited fiscal discipline the Pentagon has dissipates further when lawmakers arbitrarily increase its budget, despite [rampant mismanagement](#) leading to persistent cost overruns and delivery delays on the military’s

most expensive (and sometimes least well-conceived) weapons programs.

In short, parochial concerns and special-interest politics regularly trump anything that might pass as in the national interest, while doing no favors to the safety and security of the United States. In the end, [most of those extra funds](#) simply pad the bottom lines of major weapons contractors like Lockheed Martin and Raytheon Technologies. They certainly don't help our servicemembers, as congressional supporters of higher Pentagon budgets routinely claim.

A Captured Congress

The leading advocates of more Pentagon spending, Democrats and Republicans alike, generally act to support major contractors in their jurisdictions. Representative Jared Golden (D-ME), a [co-sponsor](#) of the House Armed Services Committee proposal to add \$37 billion to the Pentagon budget, typically made sure it [included](#) funds for a [\\$2 billion guided-missile destroyer](#) to be built at General Dynamics' shipyard in Bath, Maine.

Similarly, his co-sponsor, Representative Elaine Luria (D-VA), whose district [abuts](#) Huntington Ingalls Industries' Newport News Shipyard, successfully advocated for the inclusion of ample funding to produce aircraft carriers and attack submarines at that complex. Or consider Representative Mike Rogers (R-AL), the ranking Republican on the House Armed Services Committee and a dogged advocate of annually increasing the Pentagon budget by at least [3% to 5%](#) above inflation. He serves a district south of Huntsville, Alabama, [dubbed](#) "rocket city" because it's the home to so many firms that work on missile defense and related projects.

There are even special congressional caucuses devoted solely to increasing Pentagon spending while fending off challenges to specific weapons systems. These range from the House [shipbuilding](#) and [F-35](#) caucuses to the [Senate ICBM Coalition](#). That coalition has been [especially effective](#) at keeping spending on a future land-based intercontinental ballistic missile dubbed the Sentinel on track, while defeating efforts to significantly reduce the number of ICBMs in the U.S. arsenal. Such "success" has come thanks to the [stalwart support](#) of senators from Montana, North Dakota, Utah, and Wyoming, all states with ICBM bases or involved in major ICBM development and maintenance.

The jobs card is the strongest tool of influence available to the arms industry in its efforts to keep Congress eternally boosting Pentagon spending, but far from the only one. After all, the industrial part of the military-industrial-congressional complex gave more than [\\$35 million](#) in campaign contributions to members of Congress in 2020, the bulk of it going to those on the armed services and defense appropriations committees who have the most sway over the Pentagon budget and what it will be spent on.

So far, in the 2022 election cycle, weapons firms have already donated \$3.4 million to members of the House Armed Services Committee, according to an [analysis](#) by [Open Secrets.org](#), an organization that tracks campaign spending and political influence. Weapons-making corporations also currently employ [nearly 700](#) lobbyists, more than one for every member of Congress, while spending additional millions to support industry-friendly think tanks that regularly push higher Pentagon spending and a more hawkish foreign policy.

The arms industry has another lever to pull as well when it comes to the personal finances

of lawmakers. There are [scant, if any, restrictions](#) against members of Congress owning or trading defense company stocks, even those who sit on influential national-security-related committees. In other words, it's completely legal for them to marry their personal financial interests to those of defense contractors.

The Cost of Coddling Contractors

Legislators arbitrarily inflate Pentagon spending despite clear evidence of [corporate greed](#) and repeated failures when it comes to the development of new weapons systems. Under the circumstances, it should be no surprise that weapons acquisitions are on the Government Accountability Office's "[High Risk List](#)," given their enduring vulnerability to waste and mismanagement. In fact, overfunding an already struggling department only contributes to the development of shoddy products. It allows the Pentagon [to fund programs](#) before they've been thoroughly tested and evaluated.

Far from strengthening national defense, such lawmakers only reinforce the unbridled greed of weapons contractors. In the process, they ensure future acquisition disasters. In fact, much of the funding Congress adds to the Pentagon budget will be wasted on price gouging, cost overruns, and [outright fraud](#). The most notorious recent case is that of the TransDigm Group, which overcharged the government up to [3,850%](#) for a spare part for one weapons system and 10 to 100 times too much for others.

The total lost: at least [\\$20.8 million](#). And those figures were based on just a sampling of two-and-a-half years of that company's sales to the government, nor was it the first time TransDigm had been [caught price gouging](#) the Pentagon. Such practices are, in fact, believed to be typical of many defense contractors. A full accounting of such overcharges would undoubtedly amount to billions of dollars annually.

Then there are weapons systems like Lockheed Martin's F-35 fighter aircraft and that same company's Littoral Combat Ship (LCS). Both are costly programs that have proven incapable of carrying out their assigned missions. The F-35 is slated to cost the American taxpayer a staggering [\\$1.7 trillion](#) over its life cycle, making it the most expensive single weapons program ever. Despite problems with its engine performance, maintenance, and basic combat capabilities, both the [House](#) and the [Senate](#) added even more of them than the Pentagon requested to their latest budget plans. House Armed Services Committee Chair Adam Smith (D-WA) [famously remarked](#) that he was tired of "throwing money down that particular rat hole," but then argued that the F-35 program was too far along to cancel. Its endurance has, in fact, forced the Pentagon to [restart](#) older jet fighter production lines like the F-15, developed in the 1970s, to pick up the slack. If the U.S. is going to be forced to buy older fighters anyway, cutting the F-35 could instantly save [\\$200 billion](#) in procurement funding.

Meanwhile, the LCS, a [ship without a mission](#) that can't even defend itself in combat, nonetheless continues to be protected by advocates like Representative Joe Courtney (D-CT), [co-chair](#) of the House shipbuilding caucus. The [final House](#) and [Senate authorization bills](#) prevented the Navy from retiring five of the nine LCS's that the service had hoped to decommission on the grounds that they would be useless in a potential military faceoff with China (a conflict that should be avoided in any case, given the potentially devastating consequences of a war between two nuclear-armed powers).

No surprise, then, that a substantial part of the tens of billions of dollars Congress is adding

to the latest Pentagon budget will directly benefit major weapons contractors at the expense of military personnel. In the House version of the military spending bill, [\\$25 billion](#) — more than two-thirds of its additional funding — is earmarked for weapons procurement and research that will primarily benefit arms contractors.

Only [\\$1 billion](#) of the added funds will be devoted to helping military personnel and their families, even as many of them struggle to find affordable housing or maintain an adequate standard of living. In fact, [one in six](#) military families is now food insecure, a devastating reflection of the Pentagon's true priorities.

In all, the top five weapons contractors — Lockheed Martin, Raytheon, Boeing, General Dynamics, and Northrop Grumman — split more than [\\$200 billion](#) in “defense” revenue in the last fiscal year, mostly from the Pentagon but also from lucrative foreign arms sales. The new budget proposals will only boost those already astounding figures.

Pushing Back on Contractor Greed

Congress has shown little intent to decouple itself in any way from what's still known as “the defense industry.” There is, however, a clear path to do so, if the people's representatives were to band together and start pushing back against the greed of weapons contractors.

Some lawmakers have begun [making moves](#) to prevent price gouging while improving weapons-buying practices. The Senate Armed Services Committee, for instance, included in [its version](#) of the defense budget a provision to establish a program that would improve contractor performance through financial incentives. Its goal is to make the Pentagon a smarter buyer by addressing two main issues: delivery delays and cost overruns, especially by companies that charge it above-market prices to pad their bottom lines. It would also curb the ability of contractors to overcharge on replacement parts and materials.

The program to prevent further [price gouging](#) has a couple of possible paths to President Biden's desk. Senator Elizabeth Warren (D-MA) and Representative John Garamendi (D-CA) also included it in the bicameral [Stop Price Gouging the Military Act](#), an ambitious proposal to protect the Pentagon from outrageous contractor overcharges. The bill would [close loopholes](#) in existing law that allow companies to eternally rip off the Defense Department.

There are obviously all too many obstacles in the path of eliminating moneyed interests from defense policy, but creating an incentive structure to improve contractor performance and transparency would, at least, be a necessary first step. It might also spur greater public input into such policy-making.

Secrecy, Inc.

Here's the sad reality of the national security state: we taxpayers will fork over [nearly a trillion and a half dollars](#) this year in national security spending and yet the policy-making process behind such outlays will essentially remain out of our control. The Senate Armed Services Committee typically debates and discusses its version of the National Defense Authorization Act (NDAA) [behind closed doors](#). The subcommittee hearings open to the public rarely last — and yes, this is not a mistake! — more than 15 minutes. Naturally, the House and Senate will reconcile any differences between their versions in secret, too. In other words, there's little transparency when it comes to the seemingly blank check our representatives write for our defense every year.

Sadly, such a system allows lawmakers, too many of whom [maintain financial stakes](#) in the defense industry, to deliberate over Pentagon spending and other national security matters without real public input. At the Pentagon, in fact, crucial information isn't just kept private; it's [actively suppressed](#) and the situation has only gotten worse over the years.

Here's just one example of that process: in January 2022, its Office of the Director of Operational Test & Evaluation issued an [annual report](#) on weapons costs and performance. For the first time in [more than 30 years](#), however, it excluded nearly all the basic information needed to assess the Pentagon's weapons-buying process. Redacting information about 22 major acquisition programs, the director treated data once routinely shared as if it were classified. Given the Pentagon's rocky track record when it comes to overfunding and under-testing weapons, it's easy enough to imagine why its officials would work so hard to keep unclassified information private.

Scamming the taxpayer has become a way of life for the national security state. We deserve a more transparent, democratic policy-making process. Our elected officials owe *us* their allegiance, not the defense-industry giants that make such hefty campaign contributions while beefing up lawmakers' stock portfolios.

Isn't it time to end the national-security version of spending unlimited in Washington?

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Julia Gledhill, a [TomDispatch regular](#), is an analyst at the Center for Defense Information at the [Project On Government Oversight](#).

William D. Hartung, a [TomDispatch regular](#), is a Senior Research Fellow at the Quincy Institute for Responsible Statecraft, and the author most recently of "[Pathways to Pentagon Spending Reductions: Removing the Obstacles](#)."

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[William D. Hartung](#)

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