

# Lockheed Martin in Vermont: Senator Bernie Sanders' Corporate Conundrum

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*Everyone was talking about the one percent, the few with most of the wealth. The inequality that Bernie Sanders had railed against since his first campaign was becoming indisputable. Therefore, it wasn't surprising that he was one of the first elected officials to back the Occupy Wall Street movement. Sanders offered practical proposals to address some of its complaints and praised protesters for "shining a national spotlight on the most powerful, dangerous and secretive economic and political force in America."*



Occupy Wall Street Protest, October 2011

He was also leading the charge to have Congress consider a Constitutional Amendment to address a radical Supreme Court ruling. On Jan. 21, 2010, in the *Citizens United v. Federal Election Commission* case, the nation's High Court said that corporations are "persons" with First Amendment rights and can't be prevented from spending unlimited funds on political campaigns.

The case had begun in 2008 with a dispute over the right of a non-profit corporation to air a film critical of Hillary Clinton, and whether the group, Citizens United, could promote their film with ads featuring Clinton's image – an apparent violation of the 2002 Bipartisan Campaign Reform Act, also known as McCain-Feingold. The Supreme Court struck down the McCain-Feingold provision that prohibited corporations – both for- and non-profit, as well as unions – from broadcasting "electioneering communications" within 60 days of a general election or 30 days of a primary. It did allow for disclaimer requirements and disclosure by

sponsors of advertisements.

The problem went back to the 1970s, when Congress amended the Federal Election Campaign Act in an attempt to regulate campaign contributions and spending. After that, in the controversial 1976 *Buckley v. Valeo* case, the Supreme Court ruled that spending money to influence elections is constitutionally protected speech and struck down parts of the law. It also ruled that candidates could give unlimited amounts of money to their own campaigns.

Prior to *Citizens United*, however, a century of US election laws prohibited corporate managers from spending general treasury funds in federal elections. Instead, they could expend on campaigns through separate segregated funds, known as corporate political action committees. Shareholders, officers and managers who wanted a corporation to advance a political agenda could contribute funds for that purpose. But the Supreme Court's new ruling said that corporations had the same First Amendment rights to make independent expenditures as natural people, and restrictions prohibiting both corporations and unions from spending their general treasury funds on independent expenditures violated the First Amendment.

According to Robert Reich, a public policy expert and former Secretary of Labor, *Citizens United* would extent corporate control and drive up the cost of future presidential races. "All this money is drowning out the voices of average Americans," he noted. "Most of us don't have the dough to break through. Giving First Amendment rights to money and corporations has hobbled the First Amendment rights of the rest of us."

The growing influence of corporations made the emerging relationship between Sandia Laboratories and Bernie Sanders somewhat perplexing. Sandia was managed by Lockheed Martin for the Department of Defense, had roots in the Manhattan Project and a history of turning nuclear research into weapons. Most of its revenue still came from maintaining and developing defense systems. Beyond that, as Sanders himself had frequently charged, Lockheed Martin ranked at the top of the heap in corporate misconduct. Between 1995 and 2010 it was charged with 50 violations and paid \$577 million in fines and settlements. Sanders, an opponent of the Iraq war and wasteful military spending, had been a vocal congressional critic for more than a decade. It exemplified corporate excess and the one percent.

In the mid-1990s, he'd led the charge against \$92 billion in bonuses for Lockheed Martin executives - nearly \$31 million of that received from the Department of Defense as "restructuring costs" - after the corporation laid off 17,000 workers. He called that "payoffs for layoffs." In September 1995, after his amendment to stop the bonuses passed in the US House, Lockheed launched a campaign to kill the proposal. When the amendment came back to the floor, Sanders decided that it still contained too much for the military and opposed it himself.

In 2009, he was still going after Lockheed in the Senate, calling out its "systemic, illegal, and fraudulent behavior, while receiving hundreds and hundreds of billions of dollars of taxpayer money." By then, however, he had visited Sandia headquarters and come away eager to have a satellite lab in Vermont.

Learning to love Sandia

In January 2010, Sanders led a delegation to Sandia's New Mexico lab for a closer look. The group included the CEO of Green Mountain Power, the state's leading private utility; the vice president for research at the University of Vermont; the co-founder of successful alternative energy companies; and the head of the Vermont Energy Investment Corporation, which runs Efficiency Vermont.

At the end of the same year, ten days after the mini-filibuster that jump-started the "draft Bernie" for president campaign, Mayor Bob Kiss announced the results of his own Lockheed negotiations, begun at billionaire Richard Branson's Carbon War Room. It took the form of a "letter of cooperation" to address climate change by developing local green-energy solutions.

Lockheed's proposal to the city focused on "the economic and strategic challenges posed by our dependence on foreign oil and the potential destabilizing effects of climate change." Their partnership would "demonstrate a model for sustainability that can be replicated across the nation." Meanwhile, the Vermont Sandia lab, simultaneously being developed at UVM with Sanders help, would focus on cyber security and "smart grid" technology. Yet Kiss and Sanders denied knowing about the partnership being negotiated by the other. Both Burlington's Progressive mayor and its famous former mayor-turned-Senator apparently saw no need to consult. Yet somehow everyone was on the same page.

By 2011, Sanders was also supporting the Pentagon's proposal to base Lockheed-built F-35 fight jets at the Burlington International Airport. Despite his past criticisms of the corporation's serial misconduct and excess, he joined with Vermont's most enthusiastic booster, Senator Patrick Leahy, signing on to a joint statement of support. If the fighter jet, widely considered a massive military boondoggle, was going to be built and deployed anyway, Sanders argued that some of the work ought to be done by Vermonters, while Vermont National Guard jobs should certainly be protected. Noise impacts and neighborhood dislocation were minimized, while criticism of corporate exploitation had given way to pork barrel politics and a justification based on protecting military jobs.

Still, his position hadn't changed that much. Sandia's nuclear associations were never a major obstacle; Sanders had once been pro-nuclear power, and his criticisms were restrained. His stalwart alliance with labor had always outweighed his skepticism about military spending. And his corporate criticism, which focused on fairness and inequality, rarely prevented him from making an alliance that furthered "bold" initiatives or burnished his record of leadership.



Pushing the partnership: Sandia's Rich Stulen presents, Powell, Shumlin and Sanders listen.

When Vermont's partnership with Sandia was ultimately announced, Governor Peter Shumlin didn't merely share the credit for bringing the Center for Energy Transformation and Innovation to Vermont. He joked that Sanders was "like a dog with a bone" on the issue. They had agreed to co-host a press conference on December 12 to outline the initiative, which now included Sandia, UVM, Green Mountain Power, several Vermont energy businesses and state government. The ambitious goal, announced the Senator, was to create "a revolution in the way we are using power." At this point the "Draft Bernie" for president campaign was underway and running as a Democrat, most likely in 2016, was on the table.

For the next three years, Sandia's new outpost would have up to \$15 million to research energy efficiency, develop renewable and "localized sources" and, according to Sanders, make Vermont "the first state to have near-universal smart meter installations." Shumlin meanwhile announced a Sandia pledge to invest \$3 million a year, along with \$1 million each from the Department of Energy and state coffers.

Several enthusiastic backers – Sandia VP Richard Stulen, GMP's Mary Powell, and UVM's Acting President John Bramley – joined the governor at Sanders' Burlington office for the launch. For Sandia, it was "a way to understand all of the challenges that face all states," Stulen explained. Vermont's size simply made it more possible "to get something done," especially since "integration" had already begun with the university, utilities and other stakeholders.

It didn't hurt that Vermont's reputation for energy innovation had also attracted \$69.8 million in US Department of Energy funding to promote a rapid statewide conversion to smart grid technology. This would be matched by another \$69 million from Vermont utilities. The goal was to "turn the grid from a one-way into a two-way street," Stulen announced. Another focus would be to ensure reliable service. That meant "anticipating any cyber

challenges that may be opened up, or vulnerabilities that may be opened up as we move to this new future,” he explained. “Sandia is very much in the forefront of cyber research.”

Sanders’ statement stressed the more provincial point that although the US had 17 national labs doing “cutting edge research,” none of them were yet located in New England. “It occurred to me,” he explained, “that we have the potential to establish a very strong and positive relationship with Sandia here in the State of Vermont.” Thus, his intention was to turn the three-year arrangement into “a long-term presence.” By implication, Lockheed Martin had gone from corporate scofflaw to valued research partner.

#### Vermont as testing ground

“From an environmental, global warming and economic perspective, it is enormously important that we transform our energy system away from fossil fuel to energy efficiency and sustainable energy,” Sanders argued at the launch. “And working with Sandia and their wide areas of knowledge – some of the best scientists in the country – we hope to take a state that is already a leader in some of these areas even further.”

For many activists and progressives, it sounded more like corporate “greenwashing” than a bold step forward.

Shumlin called it “a really exciting development” for the state.

“We have an extraordinary opportunity to show the nation how to use smart grid, how to use energy efficiency to save money for businesses, and for consumers. And how to insure that Vermont is the leader in getting off our addiction to oil.”

He noted that when people asked him how Vermont had snagged so much money for the project, his answer was the partnership the center would represent. “It’s a huge opportunity and a huge accomplishment.”

On the other hand, there was little dispute that having so many interactive devices on two-way networks would create new risks. In fact, Kenneth van Meter, Lockheed’s manager of energy and cyber services, admitted it, predicting that by 2015 there would be “440 million new hackable points on the grid. Nobody’s equipped to deal with that today.”

Asked about cyber threats, Stulen acknowledged that “more portals” certainly did create more potential threats, but countered that “we think this is a manageable situation. In fact, the benefits far outweigh the risks.” The main benefit was the potential for lower utilities bills by monitoring home energy use. But security would also be a focus. “We don’t see it as an overriding issue right now, but as a national laboratory our job is to anticipate the future,” he said.





Smart Meters, the basic unit of a smart grid, are digital, usually wireless utility meters with the ability to collect information and transmit it to a central location. Supporters claim their widespread use will improve energy efficiency, service reliability, and the environment. Critics counter that they also make the power grid more vulnerable to hacking, have potential radiation-related health effects, and don't really reduce energy consumption. They also charge that "time-of-use" pricing penalizes people who can least afford it, while a centralized grid threatens privacy and gives corporations more access to private data.

Smart meters have also been linked to fires and other damage, but aren't covered by homeowners insurance because the devices haven't been industry-approved. Needless to say, such problems and potential side effects didn't come up at Sanders' press conference.

Instead, the Senator explained that

"the federal government has invested \$4 billion in smart grid technology, and they want to know that we're going to work out some of the problems as other states follow us. So Vermont, in a sense, becomes a resource for other states to learn how to do it, how to overcome problems that may arise."

Another way to put that: Vermont would be a testing ground, Sandia's smart grid guinea pig.

It was a good example of Sanders' style and pragmatism, leveraging Vermont's assets in a privately negotiated arrangement, a public-private partnership with PR value and short-term economic benefits – but unknown long-term consequences. And justifying the high-level deal on the grounds of leading the nation, a transparent appeal to state chauvinism.

"In many ways, we are a laboratory for the rest of this country in this area," Sanders crowed. "With Sandia's help, I think we are going to do that job very effectively." But in another way, it suggested that being a corporate predator wasn't always disqualifying, especially when weighed against the mainstream acclaim and leadership role such a partnership would confer.

Despite the confident presentation, however, the launch ended abruptly after a single question was asked about the city's aborted partnership with Lockheed Martin. Before a TV reporter could even complete his query Sanders interrupted and challenged it. Lockheed is not "a parent company" of Sandia, he objected.

Then, as often the case when fielding unwelcome questions, he declined to say more –

about Lockheed Martin or the climate change agreement Mayor Kiss had signed, the standards adopted by the City Council, the mayor's veto, or Lockheed's subsequent withdrawal from the deal. Instead, he turned the question over to Stulen, the man from Sandia, who offered what he called "some myth-busting."

It was more like a clarification. All national laboratories are required to have "an oversight board provided by the private sector," he said. "So, Lockheed Martin does provide oversight, but all of the work is done by Sandia National Laboratories and we're careful to put firewalls in place between the laboratory and Lockheed Martin."

In other words, trust us to respect the appropriate boundaries, do the right thing, and follow the rules. Moments later, the press conference was over.

*NEXT: A Tale of Two Caucuses*

See also: *How Bernie Sanders Became a Real Politician*: <http://www.motherjones.com/politics/2015/05/young-bernie-sanders-liberty-union-vermont>

*Between the Lines Interview*: <http://www.btlonline.org/2015/seg/150515cf-btl-guma.html>

*Progressive* *Eclipse*  
Series: <http://gregguma.blogspot.com/2015/03/online-series-explores-prog-problems.html>

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