

Northrop Grumman: "Defining the Future" or Profiting from War

by Frida Berrigan

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The US-led attacks on Afghanistan and Iraq showcased weaponry from Northrop Grumman, the Los Angeles-based defense contractor. The company's \$2 billion per copy B-2 stealth bomber flew roundtrip nonstop missions from Missouri to Afghanistan and later Iraq. Their much-touted Global Hawk unmanned aerial vehicle collected thousands of images used by military planners to plan air strikes.

But NG does more than build planes and bombers. The company's Electronic Systems division makes high tech systems like the Airborne Warning and Control Systems (AWACS) which serves as a military "airborne nerve center" during campaigns.

Since 1994, the company has made a staggering 14 acquisitions, putting it in a great position to be the Bush administration's weapons manufacturer of choice. It is strong in the area of defense electronics and unmanned vehicles, thought to be the new face of warfare. NG makes a chunk of each of the major fighter planes on the drawing board; it is the prime contractor on the F-A/E-18 and subcontractor on the new F-22 and Joint Strike Fighters. And Northrop Grumman owns the two biggest ship builders in the country, Ingalls and Newport News.

The gamble has paid off. With the December 2002 buyout of TRW, Northrop Grumman became the third largest defense contractor in the United States, behind Lockheed Martin and Boeing. The company also increased its profile in missile defense technologies, a big priority for the Bush administration.

Now, on every front, the company is in a prime position to reap billions as a result of the Bush administration's military priorities, especially in the war on terrorism and war in Iraq.

From 2001 to 2002, Northrop Grumman's Pentagon contracts grew 67%, from \$5.2 billion to \$8.7 billion. Now, the company boasts annual sales of more than \$25 billion and approximately 120,000 employees operating in all 50 states and 25 countries.

The company figures prominently in the President's military spending requests--we see NG in the defense budget, the supplement to pay for war and occupation in Iraq, and the Homeland Security bill.

FY04 Military Budget

In late September, the House-Senate conference released its draft agreement for the FY '04 Defense Appropriation Bill. Bush's request for the Pentagon was large - \$379.9 billion, and Congress only cut it slightly, granting the Defense Department \$368.2 billion in budget authority for fiscal year 2004. While they cut off the top, they added money to the procurement line. The administration asked for \$72.7 billion, and Congress upped it to \$74.7 billion. Some of Congress' generosity is destined for NG's coffers, including spending on the following systems:

- \$44.5 million for fixes and modifications to the EA-6B Prowler
- \$46.8 million for modifications to the B-2 stealth bomber
- \$86.7 million for the Fire Scout vertical takeoff and landing unmanned aerial vehicle
- \$23.6 million for a new mini-sub, the Advanced SEAL Delivery System (ASDS).

The FY04 Procurement Budget also includes billions to buy fighter planes and sea systems built by Northrop Grumman, either as the prime contractor, or as a major subcontractor. While not all the money for each program will go to Northrop Grumman, it still adds up to a major boon for the company:

NG as Prime Contractor:

"Virginia" Attack Submarine -- \$2.6 billion for 1 submarine. NG Newport News is building the submarines as

part of a team with Electric Boat.

DDG-51 "Arleigh Burke" Destroyer -- \$3.2 billion for 3 ships. NG Ships Systems is the prime contractor.

LPD-17 Amphibious Transport Ship -- \$1.3 billion for 1 ship. NG Ships Systems is the prime contractor.

NG as Major Subcontractor:

F/A-22 "Raptor" Fighter -- \$3.6 billion for 22 aircraft. NG is a major subcontractor developing the radar system under a joint venture led by Boeing and Lockheed Martin.

Joint Strike Fighter -- \$4.3 billion. NG's Integrated Systems is a full partner with Lockheed Martin Aeronautical and BAE Systems for the JSF airframe, and is involved in several other aspects of the plane's development.

F/A-18E/F "Super Hornet" Navy Fighter -- \$2.9 billion for 42 aircraft. NG is the prime subcontractor to Boeing.

Supplemental

President Bush asked Congress to approve an \$87 billion Emergency Supplemental to fund occupation and rebuilding efforts in Iraq. While the House and Senate are still working out the details, they are almost certain to designate \$1.9 billion to repair and purchase new military equipment. A chunk of that goes to Northrop Grumman, including:

- \$55 million to replace the outer wing panels of the EA-6B Prowler aircraft
- \$1.5 million to repair stress and fatigue cracks in the E-2C Hawkeye

Homeland Security

President Bush signed the Homeland Security spending bill for FY04 on September 30, 2003. It allocated \$29.4 billion for the newly created federal department. Included in the budget is money for Northrop Grumman headed projects:

- \$668.2 million for the Deepwater re-capitalization program and \$60 million for a program to develop and test anti-missile technology for commercial aircraft. Deepwater is a joint venture between Lockheed Martin and Northrop Grumman.
- \$4 million contract to provide the FBI with a public key infrastructure to boost the level of security for its information network. Analysts predict that the contract could double in value.

All the Way to the Top

Northrop Grumman enjoys close relations with top decisionmakers, and there are at least seven of its former officials, consultants, or shareholders holding posts in the Bush administration.

Northrop Grumman's most important link to the administration is Secretary of the Air Force James Roche, who previously served as the head of Northrop Grumman's Electronic Sensors and Systems Sector in Maryland. Joining Roche in the Air Force hierarchy is fellow Northrop Grumman alumnus Nelson F. Gibbs, who served as corporate comptroller at the company from 1991-1999 and is now Assistant Secretary of the Air Force for Installations, Environment, and Logistics. Barry Watts, who once ran Northrop Grumman's influential in-house think tank, now directs the Pentagon's Office of Program Analysis and Evaluation.

Other key company connections include Deputy Secretary of Defense Paul Wolfowitz, Pentagon Comptroller Dov Zakheim, Vice-Presidential Chief of Staff I. Lewis Libby, and NASA director Sean O'Keefe, all of whom had consulting contracts or served as paid advisory board members for Northrop Grumman prior to joining the administration.

Pen Mightier than the Sword?

High tech sword makers in the United States use the pen to wield power too, writing checks with lots of zeros to support lawmakers who can represent their interests. In 2002, the last year for which full data is available, the top

six US military companies donated more than \$8.5 million to candidates and political parties. As an industry, defense has contributed \$81 million to Congressional coffers since 1990.

Northrop Grumman is a major and consistent contributor, writing over \$3.8 million in checks since 1998.

In addition to these hefty campaign donations, defense contractors spent an astonishing \$60 million on lobbying in 2000, the most recent year for which full statistics are available. Northrop accounts for \$6.8 million of that, maintaining armies of lobbyists and PR people in Washington, producing slick materials to present to Congress, and running ads touting company products in Capitol Hill publications.

NG: Executive Mercenary

When Northrop Grumman bought TRW, it also assumed ownership of its subsidiary the Vinnell Corporation, one of the three largest private military corporations in the world. For more than 20 years the Alexandria, Virginia-based company has provided training to the Saudi Arabian National Guard, currently working under a five-year, \$831 million contract.

In 1975, a Vinnell employee explained the company's role to reporter Peter Arnett, then with the Associated Press, saying, "We are not pulling the triggers. We train people to pull the triggers. Perhaps that makes us executive mercenaries."

It also makes them targets. In May of this year the Vinnell compound in Saudi Arabia was bombed in a terrorist attack. Nine employees were killed and scores more injured. This is the second time that Vinnell has drawn fire; a 1995 car bomb destroyed U.S. Army training program headquarters in Riyadh, killing five American Vinnell employees.

The company also has contracts with an array of federal offices, including the Army, Air Force, and Department of Labor, providing everything from building repair, civil engineering, supply services, maintenance of equipment, and personnel support.

Resources

Center for Responsive Politics. Campaign contributions and lobbying data. <http://www.opensecrets.org>

CorpWatch, Holding Corporations Accountable <http://www.corpwatch.org>

Northrop Grumman: Defining the Future <http://www.northrupgrumman.com>.

Arms Trade Resource Center

Promoting preventative diplomacy, arms control and new US policies. <http://www.worldpolicy.org/projects/arms/index.html>

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The Arms Trade Resource Center was established in 1993 to engage in public education and policy advocacy

aimed at promoting restraint in the international arms trade.

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