

The Ties that Bind:
Arms Industry Influence in the
Bush Administration and Beyond

A World Policy Institute Special Report
by William D. Hartung and Michelle Ciarrocca
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Executive Summary

As the presidential campaign moves into its final days, one industry that has done particularly well during the Bush administration has a strong interest in the outcome: the arms industry. A new report from the World Policy Institute tracks how this critical sector has exerted influence over administration policies, and how it is "voting with its dollars" in the 2004 campaign.

"These have been boom years for the arms industry, with contracts for the top ten weapons contractors up 75% in the first three years of the Bush administration alone," notes William D. Hartung, the co-author of the study and the director of the Institute's arms project. "While some of this funding is related to the war in Iraq or the campaign against terrorism, much of it relates to Cold War relics like the F-22 combat aircraft or nuclear attack submarines that have little or no application to the threats we now face or the wars we are now fighting."

Among the report's key findings are the followings:

Weapons Industry Contributions Tilt Towards Bush, Republicans: George W. Bush and John Kerry have been the top two recipients of contributions from Political Action Committees and individuals associated with the arms industry in the 2004 election cycle, receiving \$766,355 and \$399,000 respectively, a roughly 2 to 1 margin in favor of President Bush. Of the more than \$13 million in arms industry contributions in the 2004 election cycle, 62% went to Republican candidates or committees, while 38% went to Democratic candidates or committees, according to data compiled by the Center for Responsive Politics. Vice President Cheney's former firm, Halliburton, which is involved in both Pentagon contracting and oil and gas ventures, has given 86% of its contributions to Republican candidates or committees and only 14% to Democratic candidates in the 2004 cycle.

Contractors Have Thrived Under Bush Policies: Contracts to the Pentagon's top ten contractors jumped from \$46 billion in 2001 to \$80 billion in 2003, an increase of nearly 75%. Halliburton's contracts jumped more than nine times their 2001 levels by 2003, from \$400 million to \$3.9 billion. Northrop Grumman's contracts doubled, from \$5.2 billion to \$11.1 billion, over the same time frame; and the nation's largest weapons contractor, Lockheed Martin, saw a 50% increase, from \$14.7 billion to \$21.9 billion.

Ties That Bind – Contractor Connections to the Bush Administration: When the Bush administration first took office, it appointed 32 executives, paid consultants, or major

shareholders of weapons contractors to top policymaking positions in the Pentagon, the National Security Council, the Department of Energy (involved in nuclear weapons development), and the State Department. Since that time, the "revolving door" has continued to spin, including a high profile scandal in which Air Force procurement official Darleen Druyun pled guilty to criminal charges for negotiating for a position at Boeing while simultaneously negotiating with the company on the terms of a controversial scheme to lease 100 more Boeing 767 airliners for modification and use as aerial refueling tankers. Another controversial move involved Pentagon acquisition chief Edward "Pete" Aldridge's decision to move straight from Donald Rumsfeld's Pentagon to a position on the board of Lockheed Martin.

Campaign Contrasts: How Would Bush or Kerry Victories Impact the Arms Industry's Bottom Line? In the shadow of the September 11th attacks and the "tough guy" atmosphere that has enveloped the presidential campaign, neither candidate has discussed holding the line on military spending, much less reducing it. Even in 2000, challenger George W. Bush implied that he would consider cutting Cold War era systems such as heavy armored vehicles and redundant fighter aircraft in an attempt to create a more agile fighting force. The main differences this time around are about where to spend national security dollars, not how much to spend. Candidate Kerry has indicated that he would take several billion dollars per year from the missile defense program and apply them towards his plan to increase the size of the Army by 40,000 troops while training more Special Forces units. Kerry would continue research and development on missile defense but postpone deployment until such time as objective testing indicated that a system was workable and effective. Kerry has also come out against research and development of a new generation of low-yield and bunker busting nuclear weapons, which could save hundreds of millions of dollars, a relatively small figure in the context of a \$400 billion-plus military budget. Any savings in a Kerry administration – from deferring missile defense deployment and new nuclear weapons, or implementing a plan that could get U.S. troops out of Iraq more quickly – would have to be weighed against his commitments to increase spending on homeland security, for protecting ports and chemical and nuclear facilities, among other things. Kerry has also indicated the he would increase resources devoted to destroying and securing loose nuclear weapons and nuclear bomb-making materials in Russia and other states of concern, perhaps by several billion dollars per year. From the point a view of major contractors like Lockheed Martin, Northrop Grumman, and Raytheon, a shift of funds from missile defense deployment to spending on military personnel or a more diverse set of technologies and personnel for homeland security could represent a net loss, but their other major lines of business would not be likely to change under a Kerry administration.

Who says it doesn't pay to be connected?

Despite extensive discussion to date on the costs and consequences of the war in Iraq, several key issues have not been discussed in the presidential campaign: 1) the size and composition of the Pentagon budget going forward; 2) the need for greater accountability on the part of major defense contractors that have been the prime beneficiaries of recent increases in military spending.

Although he campaigned as a military reformer in 2000, President Bush has overseen the biggest increases in defense spending since Ronald Reagan. In the name of fighting a global war on terrorism, the Bush administration has increased the military budget from just over \$300 billion when it took office to \$420 billion now. This holds true even without counting the \$177 billion in emergency appropriations to pay for wars in Afghanistan and Iraq. In addition, spending on homeland security has jumped from \$19 billion per year to \$47 billion per year since 2001.

President Bush's military budget increase coupled with ongoing operations in Iraq and Afghanistan and the War on Terror have created an environment in which weapons makers can enjoy the best of both worlds. They can continue making money off Cold War style weapons systems of the past and the unmanned aerial vehicles and smart bombs of the future.

Despite all the talk of "skipping a generation" in weapons procurement during his 2000 campaign for president, the Bush administration has cancelled only 3 major systems in its first term in office: the Crusader artillery system, the Comanche reconnaissance helicopter, and the Navy Area Missile Defense system. However, money allocated to each of these systems has gone on to fund similar programs.

As the logic goes, with the steady rise in defense spending, the nation's largest defense companies have seen substantial increases in their government contracts. The Pentagon's top ten defense contractors received more than \$80 billion in 2003 -- the most recent year for which statistics are available -- almost double what those same ten companies received in 2000, \$46 billion. And that's not counting contracts these companies have received from the Department of Homeland Security, the Department of Energy -- which deals with nuclear weapons and nuclear reactors for the Navy -- or from recent contracts awarded for the rebuilding of Iraq.

The biggest winner to date is Vice President Dick Cheney's former company, Halliburton. In one year, Halliburton went from being the Pentagon's number 37 contractor with just \$500 million in contracts to lucky number 7 and \$3.9 billion in defense contracts. And that's just the beginning, the company now has over \$8 billion in contracts for Iraqi rebuilding and Pentagon logistics work in hand, and that figure could hit \$18 billion if it exercises all of its options. Halliburton's work includes everything from rebuilding Iraq's oil infrastructure and building military bases to providing meals, doing laundry and maintaining military vehicles. Whenever and wherever the U.S. Army has to deploy on short notice, Halliburton is there.

Computer Sciences Corporation, which does missile defense work and also owns Dyncorp, a private military contractor whose work stretches from Colombia to Afghanistan to Iraq, saw its military contracts more than triple from 2002 to 2003. CSC went from \$800 million in 2002 to \$2.5 billion in Pentagon contracts in 2003, moving it from 21st on the Pentagon's contractor list to 10th. Dyncorp is engaged in everything from reforming the Iraqi justice system to providing private security guards to Afghan president Hamid Karzai to combating narco-traffickers and guerrillas in Colombia.

Another fast-growing contractor in 2003 was the Science Application International Corporation, which saw its contracts increase from \$2.1 billion in 2002 to \$2.6 billion in 2003. SAIC does everything from intelligence gathering to missile defense studies to Iraqi rebuilding related work for the Pentagon. In fact, the company served as the location for a group of 150 pre-selected Iraqi exiles that the Pentagon had decided it wanted to "drop in" to key Iraqi ministries after the invasion and occupation of Iraq. A Pentagon spokesperson explained that it was better to have them working out of SAIC's offices prior to the U.S. intervention because it would be awkward if they had Pentagon phone numbers.

While companies like Halliburton and Computer Sciences Corporation experienced the fastest growth in contracts during 2003 due to their involvement in Iraq and other outposts of the Bush administration's war on terror, they can't match the sheer volume of work logged by the "Big Three" military contractors -- Lockheed Martin, Boeing, and Northrop Grumman. Lockheed Martin received an astounding \$21.9 billion in Pentagon contracts in 2003, a \$4.9 billion increase from 2002, and \$7.2 billion increase from 2001. To put this in perspective, Lockheed's increase in contracts for 2003 was more than Halliburton's total Pentagon contracts for the year. Lockheed reported a 41% rise in profits as arms spending continues to rise around the world.

Despite scandals, Boeing maintained its #2 spot on the Pentagon's contractor list, raking in \$17.3 billion in defense contracts, up \$4 billion from 2001. Boeing said net income grew 78% to \$456 million, from \$256 million in the year-earlier quarter. Boeing Chief Executive Harry Stonecipher told the Los Angeles Times he was "confident in the future" and that the company's defense operations has a "very strong" quarter despite a federal ethics probe that has cast a long shadow over the business.

Northrop Grumman, which has moved up the contractor ladder over the past few years to secure a spot as one of the nation's top three defense contractors through its acquisitions of major military shipyards like Newport News and space and missile defense specialist TRW, saw its contracts more than double in 2003 to \$11.1 billion, up from \$5.2 billion in 2001. Echoing Stonecipher's confidence, Northrop's chairman and chief executive Ronald Sugar noted, "Regardless of who gets elected next week, national security spending will be a high priority as we continue to wage the war on terrorism." Northrop also owns Vinnell, a private military firm that trains the Saudi National Guard and has a role in training the new Iraqi armed forces. The Big Three's 2003 military contracts represent almost one out of every four dollars the Pentagon doles out that year for everything from rifles to rockets.

The Spinning Door: Coincidence or Not?

Accompanying this massive growth in defense spending is a large presence of former executives, consultants or shareholders of weapons contractors in key policymaking posts in the Bush administration. During the first George W. Bush administration, at least 32 administration appointees had ties to the arms industry, including 17 appointees with links to major defense contractors, including Secretary of the Navy Gordon England, a

former General Dynamics vice president and Secretary of the Air Force James Roche, a former Northrop Grumman executive.

Albert E. Smith, Lockheed's Executive Vice President, Integrated Systems & Solutions, serves on the Defense Science Board. Former Lockheed Chief Operating Officer Peter B. Teets is now Under Secretary of the Air Force and Director of the National Reconnaissance Office (NRO), a post that includes making decisions on the acquisition of everything from reconnaissance satellites to space-based elements of missile defense. Edward C. Aldridge served as Under Secretary of Defense (Acquisition, Technology and Logistics) until May 2003, and now serves on Lockheed's Board of Directors.

John M. Shalikashvili, Retired Chairman of the Joint Chiefs of Staff, U.S. Department of Defense, sits on the board of three of the top ten defense contractors: Boeing, L-3 Communications Holdings, Inc. and United Defense Industries Inc. Rudy deLeon is senior vice president of Washington, D.C. Operations at Boeing and a member of the Boeing Executive Council. Prior to joining Boeing, deLeon was Deputy Secretary of Defense from March 2000 until March 2001. Thomas Pickering, Boeing's senior vice president for International Relations, served as U.S. Under Secretary of State for Political Affairs from May 1997 to January 2001.

Northrop Grumman alumnus Nelson F. Gibbs, who served as corporate comptroller at the company from 1991-1999, 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.

Christopher "Ryan" Henry, former vice president for strategic assessment and development at SAIC, is now principal deputy undersecretary of Defense for policy. Duane P. Andrews, SAIC Corporate Executive Vice President, was Assistant Secretary of Defense for command, control, communications and intelligence from 1989 to 1993, and served on the second Rumsfeld Commission. General Dynamic's David Heebner served in the military for more than 30 years, most recently as the Army's assistant vice chief of staff.

The ties that bind the contractors to the administration and the administration to the contractors are pervasive. The Boeing/Darleen Druyun case has put the issue of the revolving door in the spotlight. Druyun, who after serving in the military for more than 30 years and gaining a reputation as a hard-nosed negotiator with unparalleled understanding of the procurement process, was one of the industry's most sought after recruits. But while negotiating a job with Boeing she was also putting the finishing touches on a \$20 billion Air Force program to lease 100 tanker jets from Boeing. As the Project on Government Oversight points out, "The Pentagon has been saying Ms. Druyun

was a tough negotiator. Ironically while she was working for the Air Force, as we initially suspected, she was actually negotiating on behalf of Boeing." Druyun has been sentenced to nine months for conspiracy to violate conflict of interest laws.

Secretary of Defense Donald Rumsfeld has ordered an examination of the Pentagon's rules of post-government employment for senior officials and a minimum of two congressional hearings on hiring practices of defense contractors are expected. Unfortunately, administration officials are forgetting that the door goes both ways.

In addition to the Pentagon's examination, the Washington Post reported that "the GAO has formed a team to conduct a broad study of the operation of the revolving door throughout government and industry. At the same time, the White House has ordered federal agencies to stop issuing waivers that permit presidential appointees to negotiate jobs with private companies while they still make decisions on issues important to their potential employers. The White House must now approve all such waivers."

Today, more than any administration in history the Bush administration has relied on the expertise of former arms industry officials in outlining U.S. defense needs. While the role of former energy executives in the Bush administration received considerable scrutiny in connection with the Enron scandal and the operations of Vice President Dick Cheney's energy task force, little has been said about the administration's even more extensive ties to the defense industry. As Senator John McCain (R-AZ), chairman of the Senate Commerce Committee best summed it up, "In the Boeing case we have seen compelling evidence that there is an incestuous relationship between the defense industry and defense officials that is not good for America."

Campaign Contributions -- Influencing the Old Fashion Way

With so many former defense executives and government officials swapping roles, campaign contributions seem almost unnecessary. But ever since the Republicans took control of Congress in January 1995, major weapons contractors have favored them over Democratic candidates by a 2 to 1 margin, and this year is no exception. The Center for Responsive Politics lists the nation's top three weapons contractors among the top 50 overall donors in this election cycle. Lockheed Martin is at #35 with \$1.35 million, Northrop Grumman is at #38, donating \$1.26 million, and Boeing comes in at #42 with \$1.2 million in campaign contributions.

George W. Bush and John Kerry have been the top two recipients of contributions from Political Action Committees and individuals associated with the arms industry in the 2004 election cycle, receiving \$766,355 and \$399,000 respectively, in keeping with the 2 to 1 margin in favor of President Bush. Of the more than \$13 million in arms industry contributions in the 2004 election cycle, 62% went to Republican candidates or committees, while 38% went to Democratic candidates or committees, according to data compiled by the Center for Responsive Politics. Vice President Cheney's former firm, Halliburton, which is involved in both Pentagon contracting and oil and gas ventures, has given 86% of its contributions to Republican candidates or committees and only 14% to Democratic candidates in the 2004 cycle.

Bush's Security Policy Written Long Before 9/11

In addition to former defense executives staffing the Bush administration, a tightly knit group of conservative ideologues and right-wing think tanks (which have defense CEOs on their boards) have also been influential in shaping and developing President Bush's security policy. From the doctrine of preemptive strikes and regime change in Iraq to deploying a Star Wars style missile defense and a new nuclear weapons policy to overall U.S. national security strategy, the fingerprints of groups like the Project for a New American Century, the National Institute for Public Policy and the Center for Security Policy can be seen. In fact, every major element of the Bush administration's national security strategy was developed in significant part before Bush took office, and before the September 11th terror attacks.

The Project for a New American Century (PNAC) was founded in 1997 to advocate a neo-Reaganite, "peace through strength" policy that stresses force and the threat of force over treaties and cooperation as the primary tool for projecting U.S. influence in the world. Signers of PNAC's founding statement included Dick Cheney, Donald Rumsfeld, Paul Wolfowitz, Elliott Abrams, and other key members of the current Bush foreign policy team. Current key players in PNAC include neo-conservative hawks like Weekly Standard editor William Kristol, unilateralist ideologue Robert Kagan, and former Lockheed Martin Vice President Bruce Jackson (who also helped draft the Republican foreign policy platform at their 2000 convention). In the run-up to the 2000 elections, PNAC published a 96-page report that advocated a far more muscular (and far more costly) U.S. national security strategy that included agenda items such as "regime change" in Iraq. So much for the idea that this was an idea dreamed up by Bush policymakers in the light of the nation's newfound sense of vulnerability after the 9/11 terror attacks.

Since its inception in 1988, the Center for Security Policy has been dedicated to promoting its vision of "peace through strength," with a particularly strong emphasis on opposing international arms control agreements and promoting the deployment of an extensive missile defense system. Center founder Frank Gaffney, a disciple of the quintessential conservative hawk Richard Perle, left the Reagan Pentagon after opposing the administration's decision to pursue nuclear arms reduction agreements like the Intermediate Nuclear Forces (INF) treaty and the Strategic Arms Reduction Treaty (START). According to the Center's own annual reports, it has received millions of dollars in corporate donations since its founding in 1988, which represents more than 25% of its total funding in the sixteen years it has been in existence. Corporate contributors to CSP have included Boeing, General Dynamics, Litton, Lockheed Martin, Northrop Grumman, Textron, and TRW, all major weapons contractors that benefit from the policies advocated by the Center. CSP's Board of Directors and National Security Advisory Council has a strong corporate presence as well, including Dr. Charles M. Kupperman, Vice President, Strategic Integration & Operations, Missile Defense Systems at Boeing, Stanley Ebner, former Senior Vice President of Washington Operations for Boeing, Brian Dailey, senior vice president for Lockheed Martin Washington Operations, and a number of others.

With the 2000 election of George W. Bush, Gaffney's Center moved from an outside advocacy group trying to influence policy to a friend of the administration. The Center's web site brags that no fewer than 22 close associates or members of its advisory council now hold positions in the Bush administration, including the former Chair of the Center's Board of Directors, Douglas Feith, now Undersecretary of Defense for Policy; J.D. Crouch, Assistant Secretary of Defense for International Security Policy, who has been involved in articulating the administration's Nuclear Posture Review; and Richard Perle, former Chairman of the Defense Policy Board, to name a few.

As a result of its newfound clout inside the administration, CSP has seen many of its longstanding recommendations implemented -- from withdrawing from the Anti-Ballistic Missile Treaty of 1972 to studies on whether to develop nuclear-tipped interceptors for missile defense.

For its part, the National Institute for Public Policy's influence on the Bush nuclear policy is grounded in its January 2001 report, Rationale and Requirements for U.S. Nuclear Forces and Arms Control. The Pentagon's Nuclear Posture Review follows not only the basic logic, but also many of the specific recommendations contained in the NIPP report. These include the need to develop detailed plans for using nuclear weapons in a wide variety of conflict scenarios and recommendations to develop new low-yield, precision-guided nuclear weapons.

The president and research director of NIPP, Dr. Keith Payne, is a former staffer at the Hudson Institute and a longtime advocate of nuclear warfighting strategies. Payne served as the project director for NIPP's nuclear strategy report. Other members of the NIPP study group included Stephen Cambone, who now serves as a special assistant to Secretary of Defense Donald Rumsfeld; Stephen Hadley, the Deputy National Security Advisor in the Bush White House; and Robert Joseph, who deals with counterproliferation issues at the National Security Council. All three men had input into the administration's Nuclear Posture Review. And in October 2001, Keith Payne was appointed chairman of the Pentagon's Deterrence Concepts Advisory Panel, which will have a role in helping the Bush administration decide how to implement the guidance provided in the Nuclear Posture Review.

Funding the Wrong Priorities

The fact that such a narrow, ideologically driven network now has a dominant role in crafting U.S. security policy is cause enough for concern. The links between this hardline unilateralist faction and arms manufacturers with their own extensive ties to the Bush administration raises an additional set of issues: who will render independent judgments on the strategy and weapons systems best suited to protecting the United States? If the majority of top policymakers have longstanding ties to the companies that will benefit from the Bush administration's "war without end" approach to foreign policy, the development of a missile defense "shield" and a new generation of nuclear weapons, who will represent the public interest?

Many Americans assume that the bulk of these new funds are being spent wisely, to protect them. But a growing chorus of independent experts has suggested that much of what is being done in the name of fighting terrorism is either beside the point or actively making matters worse. Former Bush administration counter-terrorism coordinator Richard Clarke has persuasively argued that the war in Iraq has been a diversion from the task of dismantling and isolating the Al Qaeda terrorist network that was behind the 9/11 attacks. The prestigious International Institute for Strategic Studies in London has gone one step further, arguing that the U.S. intervention in Iraq has actually served as an aid to recruitment for Al Qaeda and other like-minded terror networks, and hence a new loss for American and international security.

In Iraq, millions of dollars are being wasted on cost-plus contracts for companies like Halliburton, while U.S. military personnel have suffered delays in receiving basic equipment like body armor and armored "Humvees" that could have saved lives and prevented injuries. To date, Halliburton has engaged in hundreds of millions in overcharges on its contracts in Iraq, and has failed to adequately account for the bulk of its \$8 billion in awards for work there. And just days ago, a top army official called for high-level investigation in what she described as threats to the "integrity of the federal contracting program." According to the New York Times, official Bunnatine Greenhouse said that Army officials inappropriately allowed Halliburton representatives to sit in on contract discussions they were set to receive.

Many of the weapons systems and missions funded by the avalanche of spending has little or nothing to do with fighting terrorism, such as the hundreds of billions being spent on attack fighter planes, missile defense and nuclear powered attack submarines. In turn, many of the things that we should be funding to stave off the worst cases of mass casualty terrorist attacks are being seriously under funded. While both presidential candidates agree that nuclear proliferation is one of the greatest security threats facing the United States, it is a prime example of misplaced priorities when it comes to spending. The U.S. spends about \$1 billion on Nunn-Lugar style Cooperative Threat Reduction programs designed to reduce the threat from "loose nukes" and nuclear materials in the former Soviet Union -- compare that to the annual \$10 billion the budget for missile defense, which has yet to prove that it can effectively defend the U.S. against one ICBM. At current rates it will take thirteen years to secure the nuclear materials in the former Soviet Union -- thirteen years during which any terrorist or thug with money or guns can try to buy or steal some of those bomb-making materials.

The Kerry Factor

Unlike George W. Bush and his 2000 campaign, candidate Kerry has not even promised to cut Cold War weapon systems. And unlike past Democratic challengers like Bill Bradley, Kerry has not promised to hold the line on military spending. Nevertheless, there are several areas where Kerry's national security budget could involve significant savings relative to Bush's national security budget.

The first is the issue of missile defense. President Bush has directed the Pentagon to begin fielding an initial set of missile defense capabilities by the end of 2004. The

Pentagon says it will be employing an evolutionary approach to the development of missile defenses over time, and it envisions a layered system comprising ground-based and sea-based interceptors alongside upgraded versions of the short-range Patriot missile. However, necessary radar and satellite networks are not complete, and the actual interceptors have not been tested with the overall system. The Government Accountability Office (GAO) says that the Pentagon estimates it will need \$53 billion between fiscal years 2004 and 2009 to continue development and testing of ballistic missile defenses. Yet, despite the huge investment in missile defense over the past two decades, the Pentagon has been unable to field a workable system.

Senator Kerry has pledged to slow the rush to deploy missile defense and to divest several billion dollars per year from the more \$10 billion annually devoted to the program. In turn, Kerry has suggested using the funds for his plan to expand the Army by two divisions. If Kerry holds off deploying missile defense until adequate testing has been done, he could save tens of billions of dollars relative to the Bush plan.

Another area where Bush and Kerry's national security strategy differs greatly is nuclear weapons. Whereas the Bush administration has supported efforts to develop a low-yield nuclear weapon and has increased funding for research into new bunker-buster nuclear weapons, Kerry has come out against these proposals. While putting the U.S. inline with the goals outlined in the Nuclear Non-proliferation Treaty, cutting these programs would also save hundreds of millions of dollars. If Kerry chooses to scuttle plans for a new nuclear weapons plant designed to build plutonium triggers or "pits" for nuclear weapons, he would save an additional \$2 to \$4 billion.

In terms of Iraq and an Iraq peace dividend, if -- and this is a big if -- Kerry's plans to involve allies and the United Nations in rebuilding and securing the peace in Iraq allows for a quicker drawdown of U.S. troops than the Bush plan, his approach could save \$1 to \$5 billion per month if and when it is phased in.

As a counter balance to these potential savings from the Kerry approach, one has to consider the potential costs of his plans to beef up homeland security spending. Senator Kerry has spoken of the need to protect nuclear and chemical plants, check containers coming into major ports, and check cargo going onto airliners. These proposals alone could easily run into the tens of billions of dollars, offsetting potential savings from changes Kerry plans to make in defense policy. Given these realities, the prospects for reductions in Pentagon spending or overall national security under a Kerry administration are highly unlikely. The differences between a Kerry administration or a second Bush administration are more likely to be seen in where funds will be allocated rather than how much is spent.

[Click here to view the Top Ten Pentagon Contractors along with their Political Contributions and Lobbying Expenditures.](#)

Sources for More Information
Defense Corporations

Lockheed Martin, www.lockheedmartin.com
 Boeing, www.boeing.com
 Northrop Grumman, www.northropgrumman.com
 General Dynamics, www.generaldynamics.com
 Raytheon, www.raytheon.com
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Think Tanks

The Center for Responsive Politics, www.opensecrets.org
 The Center for Security Policy, www.centerforsecuritypolicy.org
 The Project for a New American Century, www.newamericancentury.com
 The Project on Government Oversight, www.pogo.org
 National Institute for Public Policy, www.nipp.org

Top Ten Pentagon Contractors -- (\$ in billions)

Rank				Company	Awards (Billion \$)			
2003	2002	2001	2000		2003	2002	2001	2000
1	1	1	1	Lockheed Martin	21.9	17.0	14.7	15.1
2	2	2	2	Boeing Company	17.3	16.6	13.3	12.0
3	3	5	5	Northrop Grumman	11.1	8.7	5.2	3.1
4	5	6	4	General Dynamics	8.2	7.0	4.9	4.2
5	4	4	3	Raytheon Company	7.9	7.0	5.6	6.3
6	6	7	7	United Technologies	4.5	3.6	3.8	2.1
7	37	37	22	Halliburton Company	3.9	0.5	0.4	0.5
8	11	10	9	General Electric	2.8	1.6	1.7	1.6
9	7	9	10	Science Applications International Corp.	2.6	2.1	1.7	1.5
10	21	17	12	Computer Sciences Corporation	2.5	0.8	0.8	1.2

Source: <http://www.dior.whs.mil/peidhome/procstat/p01/fy2003/top100.htm>

**Political Contributions and Lobbying Expenditures from
the Top Ten Defense Contractors**

Company	PAC Contributions			Soft Money		Lobbying
	2004	2002	2000	2002	2000	2000
Lockheed Martin	\$1.4m	\$1,032,662	\$1,017,719	\$1,112,951	\$1,152,350	\$9.74m
Boeing	\$1.2m	\$738,819	\$706,926	\$700,482	\$828,498	\$7.82m
Northrop Grumman	\$1.3m	\$645,250	\$348,850	\$859,360	\$320,675	\$6.88m
*TRW	--	\$474,890	\$267,174	\$81,050	\$198,425	\$1.12m
*Newport News						\$3.14m
General Dynamics	\$1.1m	\$872,250	\$682,961	\$546,067	\$469,837	\$4.68m
Raytheon	\$808,695	\$591,747	\$493,925	\$345,620	\$324,140	\$2.32m
United Technologies	\$668,661	\$354,050	\$272,950	\$270,100	\$338,300	\$3.03m
Halliburton	\$161,500	\$149,250	\$182,252	\$11,500	\$194,700	\$600,000
General Electric	\$744,676	\$880,594	\$879,050	\$733,812	\$405,675	\$16.0m
Science Applications International Corp.	\$672,658	\$373,000	\$346,000	\$234,250	\$202,000	\$1.37m
Computer Sciences Corporation	\$39,000	\$66,500	\$62,250	\$30,000	\$2,000	\$540,000
*Dyncorp	\$70,200	\$80,300	\$62,600	\$11,700	\$27,925	\$20,000

Source: The Center for Responsive Politics, www.opensecrets.org