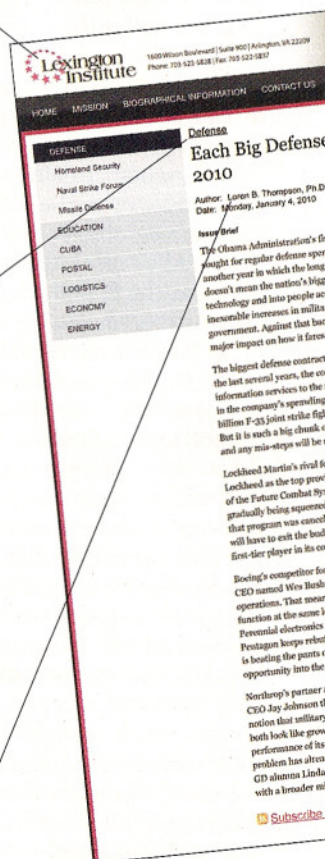


Introducing the defense industry's

For companies whose livelihood depends on military spending, the United States would seem to have entered a golden age. Annual defense expenditures have reached \$650 billion, almost double (adjusting for inflation) the post-Cold War low in 1998. Over the next eight years, the “realists” of the Obama Administration plan to increase outlays by 5 percent over the already bountiful sums provided by George W. Bush. Yet if one were to read this “issue brief” prepared by the Lexington Institute, a Virginia-based think tank, one might conclude otherwise. According to this document, defense firms face a clear and present danger: money “migrating” away from “technology” (read: weapons programs) and into “people accounts,” compounded by the “inexorable rise of military benefits.” How *will* the large military companies cope? Lexington, for its part, will do all it can. Despite casting itself as an intellectual clearinghouse, it is in fact an advertising firm on retainer for the defense industry.

Lexington claims to “shape the public debate” on a wide array of policies (including “the unnecessary intrusion of the federal government into the commerce and culture of the nation”), but its priority is clearly defense. “By promoting America’s ability to project power around the globe,” reads its mission statement, “we not only defend the homeland of democracy, but also sustain the international stability in which other free-market democracies can thrive.” Lexington does not publicly disclose its donors, but much of its funding—about \$2.5 million in 2008—comes from defense giants, including at least three whose prospects are evaluated in this brief. Lexington’s free-market pabulum, then, is underwritten by an industry that is beholden to government planning, direction, and money, and that operates entirely outside the constraints of supply and demand.

Loren Thompson, Lexington’s chief operating officer and the author of this report, played a supporting role in a 2003 scandal involving Boeing’s attempt to secure a lease-to-buy agreement with the Air Force for one hundred aerial-refueling tankers. The contract—which at \$24 billion would have cost the Air Force significantly more than simply buying a new fleet outright—was canceled when Senator John McCain discovered that an Air Force procurement official had fixed the deal for Boeing while negotiating a job for herself with the company. McCain also unearthed emails showing that the Air Force had used Thompson to help sell the deal to the press. As a senior aide to Air Force Secretary James Roche put it in one of the messages: “We’ve got Loren doing the Lord’s work again. ‘3rd Party’ support at its best.”



MEN

to-play ad agency, by Ken Silverstein

Thompson also runs a defense consultancy called Source Associates, whose clients include Lockheed Martin. No surprise, then, that Lexington's "analysts" so ardently endorse Lockheed weapons systems. The F-35 Lightning II fighter program, for example, has been plagued by delays, poor testing performance, and major cost overruns. Yet one of Thompson's issue briefs ("Four Reasons for Confidence in the F-35") insists that the program "isn't really all that troubled" and that, in any case, there is "no alternative" to the F-35. Then there is Lockheed's \$500 million-per-craft Littoral Combat Ship (LCS), designed for use in submarine, mine, and "asymmetric" warfare. A Pentagon study found that the LCS might not "be survivable in a hostile combat environment" and could "sink sooner than expected." Lexington's draft report on the vessel, however, was markedly more upbeat, stating only that the "future of U.S. mine warfare" was dependent on the continued "evolution" of the ship.

Northrop Grumman likewise has benefited from Thompson's P.R. efforts. In the 1990s he was a leading advocate for the company's B-2 bomber, the most expensive weapon in history. More recently, Lexington mobilized on behalf of Northrop's unmanned aerial vehicle the Global Hawk, claiming it would reduce the cost of "broad area surveillance to just pennies per square mile" and that every day it was delayed pushed "transformation that much farther into the future." Soon after Congress cut the development budget of Northrop's E-2D Advanced Hawkeye early-warning aircraft in 2008, Lexington released a brief speculating that if Iran fired cruise missiles at the U.S. Navy, the Hawkeye would provide the fleet with "a good plan to offset" such an attack. Reductions to the program, the report noted, meant our national security was "drifting."

The Pentagon deployed retired generals to the cable-news networks to sell America on the Iraq war, and more recently, industry-backed think tanks peddled the surge in Afghanistan. Similarly, outfits like Lexington produce the press conferences, position papers, and op-eds that keep military money flowing to defense contractors. Thompson has no qualms about this. "I'm not going to work on a project unless somebody, somewhere, is willing to pay. This is a business," he told me. "My bottom line is that if what I write and say is true, it doesn't really matter what my motives are." In December, Lexington held a Capitol Hill seminar on defense acquisition, stating that despite President Obama's pledge to "restrain the excesses of wayward contractors," it was unclear whether such rhetoric will lead to budget cuts. Lexington's patrons will no doubt pay to guarantee that the president's words remain empty ones. ■

Ken Silverstein is the Washington Editor of Harper's Magazine.