

Boeing challenges refueling contract to Airbus

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Earlier this month, Boeing submitted a formal challenge to the decision by the US Air Force to award a major contract to a rival group, composed of Northrop Grumman and the European Aeronautical Defense and Space Company (EADS), the parent of Airbus. The contract covers the purchase of airplane-refueling tankers and is expected to be worth some \$35 billion.

In the development of the conflict between Boeing and the Northrop Grumman/EADS partnership over the deal, these giant corporations are fighting over which will be able to fatten their bottom lines due to the needs of American militarism. In pursuit of their economic objectives, they have moved the fight beyond the negotiating table and enlisted their associates in government to continue the negotiations on their behalf in the political sphere.

It is unlikely that the Boeing challenge will overturn the decision by the US Air Force. However, the situation highlights the corrupt and incestuous relationship between giant military contractors and political figures. The US spends upwards of \$500 billion a year on the military, much of it funneled into the profits of a handful of contractors.

The political fight itself has been conducted in the most cynical manner, employing false worry about the fate of the American workers, along with references to the dangers to “national security” posed by the use of a European company for a major military contract.

EADS is a European company in which several European governments, including France, have an ownership stake. Northrop Grumman is a US firm and a major defense contractor.

The lineup of different political figures in the dispute has for the most part followed the campaign contributions of the different companies they are boosting. Most predictable are the complaints over the deal from Democratic Senator Patty Murray and Democratic Representatives Rick Larsen and Jim McDermott, all of whom are from Washington and all of whom have received campaign contributions from Boeing, which maintains its largest production facility in their state.

Murray, in reference to the jobs the state is expected to lose, declared, “The US Government is leading those jobs to the guillotine.” Interestingly, Larsen also received money

from Northrop Grumman, but contributions from unions in the aerospace industry likely contributed to his overall support for Boeing.

Another Washington Democratic Representative, Jay Inslee, said on Monday that members of Congress may try to freeze funding for the deal in an effort to scuttle the deal if Boeing’s appeal fails.

The two Republican senators from Kansas, Sam Brownback and Pat Roberts, whose election campaigns have been lined with money from Boeing, EADS and Northrop Grumman, have been vociferous opponents of the deal, and among the most incendiary in their anti-French sentiments. One of Brownback’s statements—“We shouldn’t require our military personnel to learn to speak French to be able to operate our refueling tankers”—bordered on the ridiculous. It was nevertheless outdone by Roberts’s claim that the EADS deal would be “subsidizing socialism.”

On the other hand, Alabama’s two Republican senators, Jeff Sessions and Richard Shelby, welcomed the tanker deal as a boon to their state, as did Representative Jo Bonner, of Alabama’s first district, which includes Mobile. Sessions and Shelby each received money from all three corporations, but since the proposed production will occur locally, there was no doubt a flurry of lobbying and contributions given to them by other firms with an interest in seeing higher-paying jobs move to Mobile.

Sessions said, “The complaints have come down from some who didn’t win. I think that’s a bit late.”

The campaign of John McCain, the Republican candidate for President, played a critical role in scuttling an earlier version of the contract given to Boeing over a corruption scandal. McCain recently had to fend off attacks from Boeing’s politicians over the EADS lobbying ties of some of his top advisors. It was revealed that the lobbying firm of the co-chairman of his campaign, former House member Thomas Loeffler, received \$220,000 from EADS in 2007. Several other former EADS lobbyists for Loeffler’s firm are also now part of McCain’s campaign team.

Wayne Berman, vice-chair of McCain’s campaign, is a partner at Ogilvy Government Relations, which earned \$240,000 from EADS in 2007. The chairman of Young

Professionals for McCain, Kirk Blalock, is also a partner in the governmental lobbying firm Fierce, Isakowitz, and Blalock, which received \$320,000 from EADS in 2007, and is full of people with direct experience working for and with politicians. Prior to taking up his lobbying position, Blalock worked under President Bush as special assistant to the President and deputy director of the White House Office of Public Liaison.

Both Boeing and Northrop Grumman/EADS have enlisted the support of other lobbying firms with high-level political connections to press their case to lawmakers that they might not already have in their pockets.

Northrop Grumman has hired the Breaux-Lott Leadership Group, headed by former Democratic senator John Breaux and former Republican senator Trent Lott. According to Breaux, their task will be “making sure that the right message gets out.” By this, they mean countering Boeing’s assertions that the planes will be primarily foreign made, and that the partnership will not create as many American jobs as the Boeing plan.

Although the Breaux-Lott leadership group may have principals with some of the greatest name recognition, Northrop Grumman employs various other lobbying firms with intimate connections to legislators and other government officials. One firm it uses, the Ervin Technical Association (ETA), is headed by Jim Ervin, former director of legislative liaison with the House of Representatives for the Office of the Secretary of Defense.

Among the individuals on Northrop Grumman’s board of directors are Victor Fazio, retired admiral Charles Larson, and Air Force general Richard Myers. Fazio was for 20 years a Democratic representative for California’s third district, and was for several years chair of the Democratic Caucus. A former Navy admiral, Larson was from 1991 to 1994 the US senior military commander in the Pacific. Myers is the recently retired chairman of the Joint Chiefs of Staff, a position he held for four years.

Not to be outdone in the big-name lobbyist department, one of the firms on Boeing’s payroll is the Gephardt Group, run by former Democratic House leader Richard Gephardt. The company also retains Denny Miller Associates. Denny Miller himself worked for 16 years under Senator Henry “Scoop” Jackson, and was for 6 of those years his chief of staff. Several other DMA staff have experience working for other politicians, including Representative Thomas Foley and Senators Slade Gordon and Brock Adams of Washington state, and Senator Ted Stevens, of Alaska.

Union leaders have also gotten behind Boeing’s attempt to reverse the Air Force’s contract decision, underlining the degree to which unions function as cheerleaders for the large corporations. The president of the United Auto Workers

(UAW), Ron Gettelfinger, claimed that the deal was “a bad deal for US taxpayers.” He also stated, “UAW members fully support Boeing’s decision to challenge this award before the US Government Accountability Office.”

Though these unions do their best to ensure that workers accept contracts slashing jobs, benefits, and wages, when the Air Force decides on a course of action affecting Boeing’s profit margin, suddenly Gettelfinger and other union leaders start to worry about lost jobs.

UAW and other AFL-CIO leaders have pointedly avoided mentioning that the union bureaucracy itself will be hurt financially by the transfer of a number of aerospace jobs to Alabama. Most of the plants in southern states are not unionized, meaning that the bureaucracy will not be getting dues payments from the workers who will be producing the new planes.

Some of the arguments presented in favor of reversing the Air Force’s decision and awarding the contract to Boeing have involved worries about the “national security” implications of having a European aerospace company producing key pieces of a military aircraft. Senator Patty Murray asked, “Do we want France or any other country to have the ability to slow down our military capacity because it doesn’t like our policies?”

Frank Gaffney, of the Center for Security Policy, went much further and claimed that EADS might include “built-in defects such as computer code ‘trap doors’ that may not become obvious until the proverbial ‘balloon goes up’ and disabling of US military capabilities becomes a strategic priority to foreign adversaries, or those sympathetic with them.”

While Murray’s statement implies that a European government, such as France, might oppose United States military and foreign policy and attempt to delay or stall it, Gaffney’s statement is an indication that a section of the American ruling class believes it may some day in the near future be in a direct military confrontation with France and other European governments.



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