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**Fact Sheet: Replacing Defense Industry Jobs**

By Miriam Pemberton

As we finally wind down the post-9-11 wars, we can begin a postwar downsizing and put a stop order on the Pentagon’s decade of blank checks.[[1]](#endnote-1) The defense industry is going all out—with press conferences, industry-funded studies, intensified lobbying, and state-by-state scare campaigns—to convince us that doing so will make a bad unemployment rate worse.

Here’s the truth:

Where cutbacks force the Pentagon to end weapons programs, the workers employed by those programs will indeed lose that work. *So we need to make sure that work gets replaced.* Here are three parts of a strategy to do so:

***What the companies can do:***

They can take the energy and resources they’re devoting to keeping our military accounts growing, and apply them to making other things for other markets.

The defense companies that are already doing this are in a much better position to prosper in the defense downsizing.

Take **Boeing**. Its commercial sector employs more people and is more profitable than its defense sector.[[2]](#endnote-2) In July it announced a new contract to build 150 737 jets for United Airlines for $14.7 billion. The contract extends through 2022.[[3]](#endnote-3) A similar $16 billion contract for 200 737s announced the same month with American Airlines will, according to a company spokesman, bring “increased production [that] will require hundreds of new workers at our Renton factory [in Washington state].”[[4]](#endnote-4) In sum, Boeing is planning by 2014 to increase production of commercial jets by 40%.[[5]](#endnote-5)

Other contractors, like **Northrop Grumman** which is about 90% dependent on the defense market, are going to have a much harder time.[[6]](#endnote-6)

Then there are those in the middle, like the largest, **Lockheed Martin**. It is about 80% defense-dependent.[[7]](#endnote-7) It has shown the capacity to do all sorts of other things: it is beginning a wave energy project in Australia, for example[[8]](#endnote-8); it will soon be building a bio-mass fuel generation plant in Alberta, Canada, with capacity to power 30,000 Canadian homes[[9]](#endnote-9); it will be installing a biomass steam-generation system producing heat and power for a VA Medical Center in Canandaigua, NY.[[10]](#endnote-10)

One of Lockheed’s contracts, though, illustrates an important caveat to the proposition that these companies should be working aggressively to find openings for themselves in other markets. Lockheed Martin has contracted with the U.S. National Archives to create an electronic record system. According to the Government Accountability Office (GAO), the project is, (should we really be surprised?) years behind schedule, and has produced cost overruns that have converted a $317 million contract into a projected $1.2 billion contract.[[11]](#endnote-11)

The companies that survive and prosper through a defense downsizing will be those that learn cost efficiency, and unlearn the practices that produced the massive military procurement cost overruns GAO has been documenting for years.

**What about arms exports**? Keeping military production at maximum speed and selling more weapons overseas? This is the strategy many contractors favor to make up the shortfall in the event that Pentagon spending levels fall. It’s a loser, compared to other, stronger alternatives. The global arms trade was estimated at $50.6 billion in 2007[[12]](#endnote-12). The Commerce Department estimated the global market for environmental technology at $782 billion in 2008. Fifteen times larger, in other words. By sticking with what they know, instead of what we all need, military contractors are backing the wrong horse.[[13]](#endnote-13)

***What elected representatives can do:***

They can provide the persuasive push these companies need. Mostly in the form of reallocated federal dollars. Cutting federal spending across the board will precipitate across-the-board layoffs. Instead, we will need to compensate for cuts in military programs we don’t need with investments in things we do need—clean energy, infrastructure repair, education, clean transportation. This will help our economy develop in a less militarized direction.

For all their passionate talk about national security, military contractors follow the money. Shift enough of it, and they will move.

Fortunately a shift like this will create a net gain in job creation. Analysis by economists at the University of Massachusetts show that clean energy, education and transportation are among the fields that generate substantially more jobs per dollar spent than does the defense industry.[[14]](#endnote-14)

But this is not where most of our elected representatives’ heads are right now. They’ve been turned by too many defense lobbyists and campaign contributions. They too will need a persuasive push, a compensating shift in their attention, from their constituents. From us.

***What communities can do***:

Also fortunately, communities don’t need to wait, for their congressional representatives, or their military contractors. As the postwar defense downsizing begins, they can act to reduce their defense dependency and plan an alternative future for themselves.

There are federal programs in place that can help. Both the Commerce Department’s Economic Development Administration and the Defense Department’s Office of Economic Adjustment offer community planning grants that give community coalitions—including local elected officials, economic development authorities, business leaders and labor and community groups—the time and resources to explore and analyze the strongest possibilities for alternative job growth. During the planning process communities can examine existing local and regional economic strengths they can build on, and the financial and technical instruments that are available to help. Once a plan is in place, implementation grants are available to support it. Other federal agencies offer financial support in the form of economic development grants and loans and tax incentives, as well as technical support from the network of Manufacturing Extension Centers, and job training grants and programs.

All of these are outlined at : <http://www.ips-dc.org/files/5073/federal-resources.do>

The defense industry and its allies are working hard to hold us hostage: to convince us that even as we end the longest period of war in our history, we can’t cut the military budget because this escalating budget is essential to sustaining our jobs base. It isn’t. There are alternatives, and we need to get to work on them.

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1. Since 2001 the Pentagon budget has nearly doubled. [↑](#endnote-ref-1)
2. The company reports that in 2011 their Defense, Space, and Security sector employed 63,000 people and had $32 billion in revenues. The same year, their Commercial Airplanes sector employed 79,000 employees and had revenue of $36.2 billion. (<http://www.boeing.com/companyoffices/aboutus/overview/powerpoint/boeing_overview.ppt>) [↑](#endnote-ref-2)
3. <http://money.cnn.com/2012/07/12/news/companies/boeing-united/> [↑](#endnote-ref-3)
4. <http://money.cnn.com/2011/07/20/news/companies/american_airlines_order/index.htm?iid=EL> [↑](#endnote-ref-4)
5. <http://online.wsj.com/article/SB10001424052702304458604577491082009964496.html> [↑](#endnote-ref-5)
6. <http://markets.financialcontent.com/stocks/quote/community/wikinvest?Symbol=321%3A957862>. [↑](#endnote-ref-6)
7. <http://www.sipri.org/research/armaments/production/Top100>. [↑](#endnote-ref-7)
8. <http://www.lockheedmartin.com/us/news/press-releases/2012/july/ocean-power-technologies-and-lockheed-martin-to-develop-wave-ene.html>. [↑](#endnote-ref-8)
9. <http://www.marketwire.com/press-release/mustus-energy-selects-lockheed-martin-develop-biomass-facility-la-crete-alberta-1621072.htm>. [↑](#endnote-ref-9)
10. <http://www.lockheedmartin.com/us/products/bio-energy.html> [↑](#endnote-ref-10)
11. <http://www.iwatchnews.org/2011/02/08/2144/national-archives-electronic-records-system-years-behind-millions-over-budget>. [↑](#endnote-ref-11)
12. <http://www.sipri.org/research/armaments/transfers/measuring/financial_values> [↑](#endnote-ref-12)
13. <http://web.ita.doc.gov/ete/eteinfo.nsf/068f3801d047f26e85256883006ffa54/4878b7e2fc08ac6d85256883006c452c?OpenDocument> [↑](#endnote-ref-13)
14. <http://www.peri.umass.edu/236/hash/0b0ce6af7ff999b11745825d80aca0b8/publication/489/>. [↑](#endnote-ref-14)