

Lockheed Martin Is Lobbying Against Biden's Reconciliation Bill While Pushing Targeted Bailout of Weapons Industry

The weapons company is trying to gut the Build Back Better bill while, at the same time, seeking “emergency reimbursement” in the 2022 defense bill.

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[The Column](#)

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The weapons company Lockheed Martin is part of a corporate group that is aggressively lobbying against a proposed corporate tax increase that would help pay for the \$3.5 trillion (\$350 billion annually) reconciliation bill. The manufacturer of bombs and fighter jets, at the same time, is also backing a separate corporate effort to win a weapons industry bailout in the 2022 National Defense Authorization Act.

The dual campaigns backed by the weapons giant, one of the largest military contractors in the world, are a glaring example of how the same companies that oppose a modest increase in corporate contributions to the public coffer simultaneously believe that corporations should be able to take from this public coffer to pad their bottom line.

Lockheed Martin is [listed](#) as a “member” of the “Reforming America’s Taxes Equitably (Rate) Coalition,” which [says](#) its mission is to “defend the United States’ globally competitive corporate tax rate.” (Among the other corporate backers of the group are Altria, AT&T, and Capitol One.)

In May 2021, it was reported that the Rate Coalition [hired](#) Forbes Tates partners to lobby against President Biden’s proposal to increase the corporate tax rate: The lobby firm which began reaching out months ago to Democrats in the House and Senate. This effort is picking up pace along with political efforts to pass—and obstruct—the reconciliation bill. On September 15, the Rate Coalition wrote a [letter](#) to the leadership of the House Ways and Means Committee opposing any increase at all to corporate taxes. And the group is also [churning out](#) advertisements in Arizona, New Hampshire, and Virginia that are specifically aimed at putting pressure on Democrats to oppose corporate tax increases.

The group’s social media specifically pushes Sen. Joe Manchin to torpedo Biden’s Build Back Better bill.



RATECoalition @RATECoalition

[@Higginbotham4WV's message to @Sen_JoeManchin: "West Virginians cannot afford a higher tax rate than what we already pay."](#)

September 24th 2021

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The Rate Coalition isn't the only corporate effort to defeat the reconciliation bill. From the U.S. Chamber of Commerce to the Business Roundtable, the group has [no shortage](#) of allies. But the Coalition distinguishes itself from the others for its laser focus on opposing any corporate tax hike at all. "We believe that our country's globally competitive corporate tax rate, once the highest in the world, is benefitting American businesses, American workers and American consumers," says the group, [which is fronted](#) by senator-turned-lobbyist Blanche Lincoln. The splash page on its website, unable to pass up on a touch of red-baiting, reads,

"AMERICA CAN'T BUILD BACK BETTER WITH A HIGHER RATE THAN CHINA".

For some important context, the proposed corporate tax increase is relatively modest, aimed at partially reversing the 2017 tax cuts which reduced the tax rate for large corporations from 35 percent to 21 percent. The Biden administration initially [proposed](#) that this rate be brought up to 28 percent. The [version](#) passed by the House Ways and Means Committee on September 15 calls for 26.5 percent. Either way, corporations are still benefiting from the 2017 cuts. The "emergency" of a looming tax hike that will cause "a range of deleterious outcomes," as the Rate Coalition [puts it](#), is entirely manufactured.

Despite the detached way our media speaks about "slimming down" the bill, these numbers are not abstractions: On the other end of them are real human stakes. Build Back Better includes social programs like universal pre-K, two years of free community college, paid family and medical leave, an expansion of Medicare (to vision, dental, and hearing), and reduced drug prices (by allowing Medicare to negotiate prices). The bill is by no means perfect: Some have [pointed out](#), for example, that its climate measures leave intact major U.S. subsidies to the fossil fuel industry. But the bill inarguably has more social value than companies like Lockheed Martin, which manufactured the bomb that [killed 40 children](#) when it struck a school bus in Yemen in 2018.

Yet Lockheed Martin is among numerous weapons manufactures that claim their social value is so great that, in addition to low tax rates, they deserve their own focused bailouts using public money.

Lockheed Martin is a [member](#) of Professional Services Council, a military industry trade group that has lobbied aggressively for the 2022 NDAA to include a measure aimed at providing "[emergency reimbursement](#)" for Pentagon contractors that are unable to work during the pandemic. The idea is that the "defense industrial base" is so important to "national security" that contractors must be kept afloat during the pandemic. As I [reported](#)

last month for the American Prospect, the House Armed Services Committee passed such a provision in the NDAA just as 7.5 million workers lost their expanded unemployment benefits. The version of the NDAA that passed the House includes this measure, which will likely be included in the final.

The military industry pushed hard for this measure, which was an extension of a similar giveaway—section 3610 in the CARES Act, the March 2020 pandemic relief bill. (Section 3610, however, applied to more federal agencies, like the Department of Homeland Security and Department of Energy.) “No one predicted the duration or magnitude of Covid-19 and we cannot predict when and where the next emergency will occur,” said David Broome, Executive Vice President for Government Relations at the Professional Services Council, upon news that the measure had advanced in the NDAA. Of course, he is referring to theoretical future emergencies posed by some threatening “other” out there, not the very real and present emergencies of poverty and climate change that are already here.

The military industry made this NDAA provision such a huge legislative priority because it will likely mean massive amounts of money for it. The Government Accountability Office released a [report](#) in July 2021 which found that section 3610 was invoked to “reimburse \$73.2 million in paid leave costs,” yet the Department of Defense estimates the real need is \$7 billion, signifying that future payouts could be far greater. That GAO report notes that Lockheed Martin had either received or requested money under that provision but did not provide details about where exactly this money went.

This specific bailout provision is just one part of a much larger public windfall. In a July 26 [earnings call](#), James D. Taiclet, chairman, president, and CEO of Lockheed Martin, boasted that Biden’s initial proposed NDAA (whose funds were increased even further by Congress) included significant funds for the company. “The White House submitted their fiscal year 2022 budget proposal to Congress, requesting \$715 billion for the Department of Defense, an \$11 billion increase from the FY’21 enacted budget,” he said. “Our programs continue to be well supported, including over \$12 billion for the F-35 program, approximately \$3.5 billion for our signature Sikorsky helicopters and over \$2 billion for hypersonics programs.”

Of course, Lockheed Martin is not unique in pushing for low corporate taxes and high corporate bailouts: Such positions are written into the DNA of companies, whether they manufacture F-35s or shoes. But the fact that Lockheed Martin is in the business of the former adds a certain moral clarity. After all, it’s not just that the company doesn’t want to contribute to social goods. It also sees its global distribution of bombs and fighter jets as an indisputable good that, unlike Medicare expansion and universal pre-K, must be protected at all costs, by drawing from the public purse.

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