The Dirty Dozen

General Dynamics

CEO: Nicholas D. Chabraja
Defense Contracts 2005: $10.6 billion
Campaign Contributions, 1990-2006: $3,989,932 (Democrat), $5,112,560 (Republican)
Headquarters: Falls Church, VA
Website: http://www.generaldynamics.com

Overview

General Dynamics (GD) is headquartered in Falls Church, Virginia, and employs approximately 46,000 people worldwide. GD and its' subsidiaries have facilities throughout the United States, including Connecticut, Rhode Island, Maine, Massachusetts, California, Vermont, Pennsylvania, Arkansas, Ohio, Washington, North Carolina, and Virginia, and international offices in Italy, England, and Canada.

GD operates in four main areas:

- **Marine Systems** - producing warships and nuclear submarines
- **Aerospace** - making business jets
- **Information Systems and Technology** - designing command and control systems
- **Combat Systems** - making tanks, amphibious assault vehicles, weaponry, and ammunition

What They Make

General Dynamics' subsidiary, Electric Boat of Groton, Connecticut builds the Seawolf attack submarines; Bath Iron Works of Bath, Maine builds the DDG 51 destroyers; Land Systems of Sterling Heights, Michigan builds the M1 tank; and Gulfstream Aerospace of Savannah, Georgia makes business jets. GD Marine Systems is the U.S. Navy's leading supplier of combat vessels – including nuclear submarines, surface combatants, and auxiliary ships.

Additionally, General Dynamics manages information networks for NATO allies, provides water transportation in Boston Harbor (Harbor Express), supplies interactive displays for remote medical care (Telehealth), furnishes computer-based, automated diagnostic maintenance and instruction tools (TechSight™), and services various business aircraft.
Troubled Programs

The future of the $50 billion DD-21 Land Attack Destroyer program is uncertain. President Bush talked at length throughout the campaign about "skipping a generation" in developing new weapons technology, and the DD-21 is one of the weapons systems, among many, that the Pentagon is examining as it conducts its top to bottom reviews. However, the Bush administration's 2002 defense request included $643.5 million for the DD-21 program. The DD-21 was described by the former director of the Pentagon's testing office, Philip Coyle as "not only a replacement, but it's also less observable, more stealthy in terms of its design, and operates more efficiently." The ship cost $100 million less than the current destroyer, and would put into place new "cutting edge" technologies, but whether or not it is necessary is the question. As Owen Cote of MIT's security studies program said, "The problem it is going to have is there's a very capable ship that's now being made." The DDG-51 "doesn't do many of the things that the DD-21 does, but the bottom line is the Navy is being put under tremendous budgetary pressure and the DD-21 is a little exposed."

As John Donnelly of the Boston Globe points out, "The uncertainty has overshadowed another unfolding drama: competition between Bath and Ingalls over the designation of lead shipyard in the project. The winner would take over the design work and hire various subcontractors, making the award worth billions of dollars." Currently there are two teams, the Blue Team and the Gold Team. The Blue Team is made up of Bath as shipbuilder, Lockheed Martin as combat system designer, with Maine Senators Olympia Snowe and Susan Collins as its "political shepherds." Incidentally, the Blue Team has a website devoted to the DD-21, www.dd21.com. The other team is the Gold Team, made up of Ingalls as the shipbuilder, Raytheon as the systems integrator and Senate Majority Leader Trent Lott of Mississippi "as the more than equal political counterweight."

Another item that might be on Defense Secretary Rumsfeld’s chopping board is the $11 billion Crusader howitzer. John Omnicinski reported in the Detroit News that the Crusader "will take 18 years to reach battlefield troops, may be too heavy to airlift and won’t end up anywhere near its original design. Nonetheless, it has risen like a phoenix from the ashes of every defense budget of the 1990s. He went on to point out that the Crusader has friends in high places "giving it a political geography hard to defeat, despite flaws, rising costs and a disastrous development schedule." This year's defense budget has $447.9 million devoted to the program.

Inside Political Connections

The Bush administration has just named three corporate executives to lead the Air Force, Army and Navy. Among the three is Gordon R. England, 63, who recently retired from General Dynamics, if confirmed he would serve as the Secretary of the Navy. The Boston Globe noted, "Gordon England had no military experience, but he had just the right qualification to become President Bush's pick for secretary of the Navy: Two decades in the corporate world."

While Gordon England is on his way to the Pentagon, a number of former Pentagon officials and members of the armed services are lending their advice to GD by serving on the company's Board of Directors (each receives an annual retainer of $40,000). These include Former U.S. Under Secretary of Defense for Acquisition and Technology Paul Kaminski, who reportedly also receives $200,000 a year for up to 40 business days of his time; retired Lieutenant General, U.S. Army Julius W. Becton, Jr.; George A. Joulwan, Former Supreme Allied Commander, Europe and General, U.S. Army, Ret; Carl E. Mundy, Jr., Former Commandant, U.S. Marine Corps; and Carlisle A. H. Trost Former Chief of Naval Operations, U.S. Navy.
The Money Stuff

According to the Center for Responsive Politics, campaign contributions for the 2000 election totaled $1.2 million, with about 65% going to Republican candidates. To date, General Dynamics has donated close to half a million dollars for the 2002 election cycle, while lobbying expenditures average about $4.1 million a year.

Merger Mania

GD was hoping purchase Newport News Shipbuilding Inc. (for $2.1 billion), based in Newport News, VA. The acquisition would have combined the last remaining U.S. Navy aircraft carrier and submarine manufacturers. The Navy accounts for 98 percent of total sales of Newport News Shipbuilding (NNS), which is the only other company besides GD capable of building nuclear subs. NNS has built 10 of the last 12 active aircraft carriers and is scheduled to christen the USS Ronald Reagan in 2003.

The merger took an interesting twist in early May 2001 when defense giant Northrop Grumman decided to make a hostile, unsolicited bid to purchase Newport News. The New York Times reported that Northrop, which acquired amphibious shipbuilder Litton Industries earlier this year, would have a monopoly on aircraft carriers, amphibious ships and large-deck amphibious ships if it purchased NNS. Northrop would also remain a partner with General Dynamics in the construction of nuclear submarines.

One former DOD official said the Navy would favor the merger between GD and NNS because the two companies have been partners in the construction of nuclear submarines since 1997, unlike Northrop which has no experience building nuclear subs and little in the shipbuilding business. But in the end, Northrop Grumman prevailed, completing the acquisition of Newport News in December 2001. Both companies had strong advocates in their respective corners.

Northrop owned Litton Industries is the biggest private employer in Mississippi, Senate Majority Leader Trent Lott’s home state. Newport News is the biggest employer in Virginia, home state of Senator John Warner, who heads the Armed Services Committee. The Washington Times reported that Sen. Lott, in a letter to Defense Secretary Rumsfeld, Sen. Lott said, “I believe the proposed Northrop Grumman-Newport News Shipbuilding merger is in the best interest of the nation, the Department of Defense and the Navy.” Senator Warner also wrote to Mr. Rumsfeld, requesting a meeting as soon as possible to discuss the two offers.

The acquisition makes Northrop Grumman the nation’s third-largest military contractor and its biggest maker of ships.

US Weapons Makers Vie for Taiwan Arms Deal

While the sale of Aegis Destroyers to Taiwan has been temporarily postponed, weapons manufactures aren’t giving up. General Dynamics, owner of Bath Iron Works where the destroyers would be built, hired Cassidy and Associates, whose key player is former Reagan defense official Carl Ford, to lobby for the sale. Cassidy, which also has a $10 million contract with a Taiwan think-tank with close ties to the ruling party, conceived of and drafted a letter sent to President Clinton by Senate Majority Leader Trent Lott and two other Republican Senators. The letter implied that congressional approval of permanent normal trade relations with China was contingent upon the White House’s prompt approval of the weapons sale.
On the public relations front, jobs were made a major issue. The Aegis Industrial Alliance says that the destroyer contract represents work for 1,938 companies in 49 states that have stakes - including major weapons manufacturers Lockheed Martin, Boeing and Raytheon. Also on Taiwan's wish list are P-3C Orion submarine-hunting aircraft from Lockheed Martin, and advanced-medium-range air-to-air missiles, diesel submarines, and M1 tanks made by General Dynamics Corp.

This fact sheet was prepared by Michelle Ciarrocca of the Arms Trade Resource Center of the World Policy Institute.