IBM

CEO: Samuel J. Palmisano
Defense Contracts, 1998-2003: $1.2 billion
Campaign Contributions, 1998-2003: $327,100 (Democrat), $280,621 (Republican)
Headquarters: Armonk, NY
Website: http://www.ibm.com/

Overview

IBM manufactures and sells powerful tools for designing nuclear weapons and missiles—
Supercomputers. These high tech devices are designed to process billions of operations per second. According to Gary Milhollin of the Wisconsin Project on Nuclear Arms Control, supercomputers are invaluable for designing nuclear weapons because they "can model the thrust of a rocket, calculate the heat and pressure on a warhead entering the Earth's atmosphere and simulate virtually every other force affecting a missile from launch to impact."

IBM has sold these computers to China, India and Russia, all viewed as "bomb prone" or "problem proliferants" or in the official lingo of Federal Export Regulations, "Tier Three" nations. In making this technology available, IBM directly contributed to the proliferation of nuclear weapons while continuing to push for new markets for their high tech wares.

Russia: Peaceful Supercomputers?

In August 1998, IBM admitted to illegally exporting 16 RS/6000 SP supercomputers to Arzamas-16, a leading Russian nuclear weapons lab, in 1996. Moscow bought the computers for $2.1 million, claiming they were for "peaceful purposes." At first IBM denied knowing the computers were destined for Russia’s Los Alamos—the site of where their first atomic and hydrogen bombs were built—but later revealed that it sent a technician to install the workstations in November 1996. The company acknowledged it had "reason to believe" the computers would be used for nuclear functions.

In August 1998, IBM’s Russia based East Europe/Asia Ltd. was fined $8.5 million and the Commerce Department’s Bureau of Export Administration put the company’s export privileges on probation for two years. But the fines and penalties imposed do not change the fact that "the Russians can
now design weapons of mass destruction...with supercomputers imported illegally from the United States."

**China: Kmart for Weapons of Mass Destruction**

When Chinese President Jiang Zemin visited the United States in November 1997, he spent almost an hour in IBM CEO Louis Gerstner Jr.'s Madison Avenue office before touring an IBM facility in New Jersey. After his meeting, Zemin told leaders in the technology industry that, "China's market is open to you."

China has been accused of passing on nuclear technology to Iran, Pakistan and Algeria, causing Democratic Representative Edward Markey to describe the nation as the "Kmart for weapons of mass destruction." Computer companies like IBM are able to overlook that uncomfortable truth because China represents a $13.5 billion market for information technology and between 50-75% of the world's nuclear equipment market. After the meeting, IBM CEO Gerstner said, "Your visit to the U.S. has been not only very important but successful."

Recognizing the value of China's computer market, IBM and other industry leaders have come together under the umbrella of the Computer Coalition for Responsible Export to push for Permanent Trade Relations with China. According to IBM's literature, the company's business in China has grown 50% a year in recent years. In a Los Angeles Times article on the Chinese president's visit, IBM CEO Gerstner "assured Jiang that the U.S. business community is determined to do everything possible to foster the warmest possible U.S.-China relationship, going far beyond the 'narrow issues' that have dominated the two countries' recent ties." Those "narrow issues" include China's repression of human rights, freedom of assembly and religion.

Recently, IBM proposed selling China a RS/6000 SP supercomputer able to process 30 billion operations per second, ostensibly for their Meteorological Administration. Critics of the deal point out that the information gleaned from this computer could be used to "more accurately pinpoint [Chinese] nuclear warhead re-entry vehicles." The programs needed for weather forecasting are "quite similar to the programs you need for simulating bombs" says Wisconsin Project director Gary Milhollin.

**India: IBM Helped Build the Bomb**

IBM sold a supercomputer to one of India's nuclear missile sites, the Indian Institute of Science, which develops India's most advanced rocket propellants, guidance systems and nose cones. While an IBM spokesman claimed the company had "no indication that the machine has been used for anything other than university research," the Institute is on Britain's official list of organizations that procure goods and technology for India's missile programs. The supercomputer, capable of 1.4 billion operations per second when installed in 1994, was upgraded in June 1997 to perform 5.8 billion operations, making it "one of the most powerful computers in India."

When a U.S. company wants to sell computers that perform more than 2 billion operations per second to a "Tier Three" nation, they must obtain an export license. In the case of this sale, IBM claimed an exception because the site was not connected to nuclear weapons, or military work. But IBM failed to ensure that the exception applied and U.S. Customs Office opened an investigation in June 1998, which remains pending.
Milhollin notes that "virtually every element of India’s nuclear and missile program has been imported directly or copied from imported designs," making U.S. sanctions after India’s nuclear tests almost a pathetic and punitive afterthought. While President Clinton condemned the tests and imposed sanctions, he also oversaw the systematic dismantlement of export controls that would have kept nuclear tools out of India’s hands.

**IBM: Supercomputers R’Us**

In Spring 1996, after IBM’s supercomputers were found in China and Russian military facilities, the House of Representatives moved to tighten computer export controls. But Republican leaders in the Senate received urgent calls from IBM CEO Louis Gerstner arguing against stronger controls. The attempt to limit computer exports was defeated. This one anecdote demonstrates the power wielded by Big Blue, the leader in a $633 billion a year computer industry, which employs more than 1.3 million people in the United States.

The computer industry, working under the Information Technology Industry Council and the Computer Coalition for Responsible Exports, lobbies against export controls on advanced technologies. One of the major complaints is that the industry is advancing too fast for control. "These thresholds conflict in a major way with the revolutionary pace of technology that characterizes our industry."

This appeal to faith in technology’s ability to regulate itself is reinforced by the industry's political contributions. The computer equipment and services industry, which dolled out a total of $67 million in contributions in the last decade, is the fourth largest contributing sector to the Democratic National Committee and ninth largest contributor to the Republicans. IBM alone spent $5.5 million on lobbyists in 1998. And IBM employees contributed more than $500,000 to political candidates during the 2000 election cycle.

President Clinton and Congress responded favorably to this stroking. Clinton relaxed export controls on advanced computer technology six times in the past eight years and abandoned the distinction between military and civilian customers of high tech computers. The most recent decontrol raised the computing speed of exports to 28 billion operations per second.

But as Gary Milhollin warns, "reducing export controls will not stimulate the U.S. economy; it will only stimulate the proliferation of weapons of mass destruction." A joint report from the Commerce and Defense Departments found that nuclear blasts could be simulated with computers capable of 10-21 billion operations per second. The average desktop computer, by comparison, can complete 1 billion operations per second.

**Connecting to consumer products**

IBM produces a large array of consumer products, including portable and desktop computers, and handheld electronic organizers.

**Connections with other defense contractors**

1. **Bell Helicopter Textron** named IBM as its desktop PC provider in a six-year, $70 million agreement.
2. IBM and Dassault Systems, in conjunction with Boeing Corporation, have deployed an "e-business product development solution" that gives the company "a first-strike advantage" in efforts to win the Joint Strike Fighter (JSF) contract. July 25, 2000.

3. Newport News Shipbuilding use IBM and Dassault Systemes e-business solutions "to optimize and support design, development and construction of all future ships." March 23, 2000

4. Boeing Company has selected IBM and Dassault Systemes software products "as the core of the first set of engineering computing standards that spans all Boeing business units and all sites. Jan. 7, 2000

This fact sheet was prepared by Frida Berrigan for the Arms Trade Resource Center of the World Policy Institute.