

US Defense Contractor Lockheed Martin to close facilities, lay off 4,000 workers

By Julien Kiemle
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Lockheed Martin, the largest weapons supplier in the United States and a primary contractor for the American military, announced on Thursday that it will be cutting 4,000 jobs—some 3.5 percent of its workforce.

Lockheed Martin is a centerpiece of the military-industrial complex, relying almost entirely on the American military machine for its existence. Federal contracts for the company in 2012 were \$39 billion, 80 percent of its sales. The company designs and manufactures missile systems, fighter planes and other armaments for the US military.

The announced cuts will affect facilities in Pennsylvania, California, Ohio, Texas and Arizona, many of which will also be closed down, with remaining workers moved to other locations.

“In the face of government budget cuts and an increasingly complex global security landscape, these actions are necessary for the future of our business and will position Lockheed Martin to better serve our customers,” said Chief Executive Marillyn Hewson.

The Congressional Budget Office has projected that in spite of the sequester cuts, US defense spending will actually rise from \$593 billion in 2014 to \$714 billion in 2023, meaning that the recently passed cuts have only provided a small decrease in accelerated military spending.

Early this year, Hewson also admitted in congressional testimony that the sequester cuts had only a minimal impact on the company’s bottom line. “So far the impact has been limited to task orders, slower contract awards, things getting delayed,” she said.

The budget sequestration is therefore being used a pretext to destroy workers’ contracts and to attack wages and benefits. Moreover, it would be a mistake to

think that the downsizing of the company is indicative of any contraction of the American war machine. On the contrary, layoffs, cuts and the streamlining of programs in the defense industry are means by which it is poisoning itself to make even higher profits.

These layoffs are also only the latest in a series of mass employee reductions over the last five years at Lockheed.

Since 2008, Lockheed has cut its total workforce from 146,000 to 116,000, a reduction of some twenty percent. At the same time as the current announcement, the company declared that 350 jobs would be created in its Colorado facilities. The layoffs are part of an ongoing trend within the company to downsize its workforce and slash pay, benefits and working conditions.

The news of the layoffs was met with approval on Wall Street immediately after the announcement, with Lockheed’s share price increasing by 51 cents to \$137.76 a share. In spite of the sequestration announcement, shares in all large Defense Department contractors have skyrocketed over the past year. Shares of Lockheed, Boeing, Northrop Grumman, Raytheon, General Dynamics and other companies have all risen dramatically. Lockheed Martin’s stock price alone is 64 percent higher than it was only one year ago.

Nevertheless, the arms industry has been increasingly vocal about its desire to expand the American military apparatus and to nullify even the minimal impact that the budget sequestration has had on its operations. After announcing its layoffs, Lockheed released a statement urging Congress and the Obama Administration “to deal with our fiscal challenges through measures other than the indiscriminate cuts of sequestration.”

The layoffs at Lockheed Martin have been supported

by Benjamin Friedman, a research fellow in defense studies at the libertarian Cato Institute, who made the telling statement: “It’s inevitable that when you have lower defense spending, you’re going to have some lost jobs. I don’t think we should be surprised by that. To me, it’s a good thing, because I think we spend too much on our military, and there’s a lot of savings to be had.” Whatever the Cato Institute’s agenda, Friedman’s reasoning has been employed by many commentators on the left: nominal reductions to the vast American war machine become a justification for sacrificing workers’ livelihoods to an austerity agenda

For its part, The International Association of Machinists (IAM), which represents Lockheed workers, has done nothing whatever to mobilize a fight against the layoffs.

Lockheed workers should immediately link their struggle with that of workers at Boeing who have recently voted down an austerity contract foisted on them by the union in direct consultation with Boeing management. (See “The workers’ rebellion at Boeing”).

The only way for Lockheed workers to defend their jobs and livelihoods is to join with their fellow workers throughout the aerospace industry in direct opposition to the IAM and all the trade unions, which are directly complicit in destroying their jobs and benefits.

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