

Obama's Funding and Endorsements by the Wealthy Elite

By Arnold August, October 2011

Democracy in the U.S. is increasingly being questioned. One of the main reasons is the preponderant role of financing and funding in presidential election campaigns.¹ NNDB (Notable Names Database) is an intelligence aggregator that tracks the activities of people determined to be noteworthy. It details all of the overwhelming financial and other support for Obama by the elite of the U.S.²

Of significance is that, as a U.S. newspaper headlined,³ "Obama Outstrips McCain in Defense-Industry Donations." The article is very revealing as it indicates why the financial oligarchy of the U.S. favoured Obama and, therefore, the nature of the two-party competitive democracy. Thus it is worthy of being quoted in length.

For more than 10 years, Republicans have been able to count on the defense industry to have their backs each election cycle.

But this year, the industry is favoring Democrat Barack Obama.

According to Federal Election Commission data collected this week by the Center for Responsive Politics, the defense sector has donated 34 percent more to the Illinois senator than to his Republican opponent for president, Arizona Sen. John McCain. Obama has received \$870,165 to McCain's \$647,313, according to the center's website, OpenSecrets.org.

"There's been a pretty significant shift toward Democrats in the defense sectors," said Massie Ritsch, a spokesman for the center, which tracks election contributions and their impact on public policy.

But on defense spending and procurement issues, little differentiates Obama and McCain, said Loren Thompson, a defense analyst with the Lexington Institute, a public policy think tank based in Arlington.

"When you get beyond the issue of Iraq, Sen. McCain and Sen. Obama are almost like mirror images on most military issues," Thompson said. "Obama and McCain both want to crack down on contractors, they both want to scrub the list

of major weapons systems for unneeded programs, and they both are skeptical about outsourcing.”

Thompson said the gap in contributions is likely a result of McCain making enemies in the defense sector by helping derail projects such as Boeing Co.’s contract to build tanker aircraft for the Air Force. The deal resulted in a scandal earlier this decade that led to criminal convictions. Ending it saved taxpayers \$6 billion, McCain says.

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Issues tied to defense spending and contracting are vital to the economy of Hampton Roads [where this newspaper is published], which is home to the nation’s second-largest military population and to many companies that rely on government contracts to stay afloat. One of the largest is Northrop Grumman Newport News, which employs about 19,000 people as the sole builder of nuclear-powered aircraft carriers for the Navy.

Those jobs are safe, no matter who wins Tuesday, Thompson said.

“They will go after programs that are not firmly rooted, but they will keep their hands off of aircraft carriers and subs,” he said. “Things that are done at places like Newport News are almost untouchable from a political point of view.”

In TV commercials and public statements, the McCain campaign has linked Obama to U.S. Rep. [Representative] Barney Frank, D[Democrat]-Mass. [Massachusetts], who has advocated cutting defense spending by 25 percent.

“The potential economic impact for Virginia is huge,” said Kori Schake, a senior policy adviser for the McCain campaign. “You can’t possibly take a 25 percent cut in defense spending without affecting jobs in Virginia.”

But the allegations are unfounded, said Ashley Etienne, a spokeswoman for Obama’s Virginia campaign. He plans to increase defense spending, she said.

“The senator has always been a huge proponent of strengthening our military, which includes adequately funding our military and includes spending to support our military families, efforts and infrastructure,” Etienne said.

The candidates agree on most major defense acquisition and contracting issues. Both want to make defense procurement more open and efficient, limit emergency defense appropriations and reduce cost-plus contracts,

which pay contractors' expenses plus a profit and often result in a project's bill ballooning by the time it's complete.

They disagree on some of the details.

McCain has advocated eliminating most cost-plus contracts in favor of fixed-cost agreements, which pay a set price regardless of expenses.

"We have to do away with cost-plus contracts," he said during the Sept. 26 presidential debate. "We now have defense systems that the costs are completely out of control."

Obama has taken a somewhat softer approach, saying he would reduce the number of cost-plus contracts because they're "vulnerable to waste" and push for more fixed-cost and incentive-based contracts, which would reward contractors for cutting expenses and meeting performance goals.

The candidates also disagree slightly when it comes to new missile defense systems. McCain has called for their immediate development and use, while Obama has said they need more testing first.

Since 1996, two-thirds of the industry's donations have gone to Republicans, mostly because they controlled Congress, Ritsch said. But this election season, according to OpenSecrets.org, the industry is carefully hedging its bets, with 51 percent of its \$20 million in political contributions going to Democrats and 49 percent to Republicans.

"The true color of the defense sector and the industry is a pretty deep shade of red [Democrat Party]," Ritsch said. "But when Democrats control the defense budget, the sector becomes more blue [Republican Party] because it does what's necessary to secure defense contracts and otherwise get business going."

¹ NNDB. n.d. At <<http://www.nndb.com>>.

² ———. n.d. "Obama for America." At <<http://nndb.com/org/684/000167183/>>.

³ Adams, Kathy. 2008. "Obama Outstrips McCain in Defense-Industry Donations." Hampton Roads. The Virginian-Pilot (October 31). At <<http://www.hamptonroads.com/2008/10/obama-outstrips-mccain-defenseindustry-donations>>.