

Obama's Gift to Israel – and Lockheed

President Obama approved \$38 billion in military aid to Israel, but that cash is then recycled to subsidize the U.S. Military-Industrial Complex like some giant money-laundering machine of the taxpayers' money, explains JP Sottile.

By JP Sottile

The Israeli lobby wins again! That's the obvious takeaway from President Barack Obama's historically large, but not quite unprecedented \$38 billion "aid package" to Bibi Netanyahu's supposedly intransigent government.

In Israel, the ten-year deal is seen as a solid, but not complete victory for Bibi. In the U.S., the deal looks like it's the cost of doing business with Iran. Sadly, the deal also looks like a bad sign of things to come for the Palestinian people.

Shortly after the deal was sealed, President Obama's farewell tour took him to the United Nations where he stated without irony, "Israel must recognize that it cannot permanently occupy and settle Palestinian land." The utter toothlessness of his admonition was preemptively underlined by a fascinating online video posted by Netanyahu in which he claimed the Palestinians – not the rapidly encroaching Israelis – were the real outlaws. Apparently, they are advocating "ethnic cleansing" by hoping to reclaim pilfered land from illegal Israel settlements peppered throughout the absconded territory of the West Bank.

It's an amazing bit of pretzel logic gleefully served up to a dwindling, demoralized crowd of two-state enthusiasts. The mustard came when Obama made his final, flaccid appeal to a now-buoyant Bibi regarding his not-so-subtle expansion of Israel's ethnically-pure settlements.

Of course, this predictable turn of events confirmed what critics of Israel's outsized influence have always believed – that when it comes to the State of Israel, the fix is always in no matter how badly the "special relationship" appears to be broken.

In 2006, John Mearsheimer of the University of Chicago and Stephen Walt of Harvard University made a strong case that, as they wrote in the London Review of Books, the "Israel Lobby" surpasses all "other special-interest groups" in its ability to not just "skew foreign policy" away from America's "national interest," but it has also simultaneously convinced "Americans that US interests and those of the other country – in this case, Israel – are essentially identical."

Although there's little doubt that much of America's foreign policy establishment seems inexorably convinced that the two nations share "identical" interests, there are indications that Israel is not quite the arm-twister it used to be.

That's because the Iran Nuke Deal was a distinct departure from the usually suspect arrangement between Washington and Tel Aviv. It does appear that Obama broke 40 years of Israeli exceptionalism to defeat the vaunted Israeli Lobby. In exchange, Obama had to paper-over that unprecedented break with 38 billion greenbacks. In effect, he purchased Israel's acceptance of the Iran Nuclear Deal.

Transactional Politics

It's transactional politics and it makes a lot of sense. To keep war with Iran off the table, Obama simply had to reinforce Israel's nuclear-tipped military edge over Iran, over other regional powers and over the people living in the bombing range also known as Gaza. But there is another thrust to the bulging aid package.

It also reinforced the United States' notable edge as the world's leading salesman of military hardware. And that's the interesting upshot of the big deal with little Israel. It's all laid out in a synopsis of the "Memorandum of Understanding" published by the White House:

–This amount represents a significant increase over the current MOU by every measure, and will enable Israel to ***acquire additional advanced military capabilities from the United States.***

–It includes \$33 billion in Foreign Military Financing (FMF) funds and an ***unprecedented \$5 billion commitment in missile defense assistance.*** This funding will be disbursed in equal increments of \$3.3 billion in FMF and \$500 million in missile defense funding each year for the duration of the understanding.

–In practical terms, ***the level of funding*** specified in the MOU will ***permit Israel to update the lion's share of its fighter aircraft fleet – including through the acquisition of additional F-35s*** – increase its missile defense, and acquire other defense capabilities needed to meet its threat environment.

–***The \$500 million in annual missile defense funding*** under the MOU ***exceeds*** the average level of ***non-emergency support the United States has provided to Israel for missile defense over the last five years.***

Most importantly, President Peace Prize secured a key provision that terminates

Israel's ability to spend 26.3 percent of Uncle Sam's annual gift "within Israel on non-U.S. products." In other words, all of the tax dollars Uncle Sam sends over there now have to come back here and be spent in Uncle Sam's Club – a.k.a. America's Supermarket of Military Hardware.

The Needy Military Industrial Complex

In fact, the White House stated with detectable pride that "Israel will spend more funding, as much as \$1.2 billion per year, on the advanced military capabilities that only the United States can provide." So, Israel's big win also cornered a part of their market for those American corporations that lead the world in developing new and exciting ways of killing people.

And it comes none too soon for America's defense industry. As a "longtime consultant for American military contractors" recently told Foreign Policy, the already wildly profitable defense industry is looking for some assistance because "domestic defense spending is flat as a pancake and Israel is a consumer of high-end military technology."

And nothing is more "high-end" (and more in need of aid) than Lockheed Martin's bloated boondoggle – the F-35. As it turns out, the biggest win of all might be for Lockheed's embattled, trillion-plus dollar weapon system.

So far, the "next generation" fighter injures its pilots, just suffered "another engine fire" from tailwinds, probably cannot beat the F-16 or European Typhoon in a dogfight and is still hampered by a panoply of "serious problems," according to the "Pentagon's top weapons tester." But fear not, Lockheed shareholders ... here comes military aid to the rescue!

As Eric Pianin detailed in The Fiscal Times, Israel was an early-adopter of the "ill-fated, long overdue and far over budget" fighter jet. In 2006, they slated an "augmented version" of the jet as a replacement for yet another profitable weapon system purchased from Uncle Sam's Club – their fleet of 300 F-16s.

The problem is that they'd budgeted \$5 billion to buy 100 F-35s. That works out to a bargain price of \$50 per plane. But now "the price tag has ballooned to \$15 billion – or about \$200 million per plane," writes Pianin.

So, it's quadrupled in price over the last decade ... and it hasn't even been delivered yet! But the first souped-up Israeli model is supposed to arrive on Dec. 12, 2016. And that's where the \$38 billion deal comes in. The "aid" is going to help the Israelis make up the difference.

So, thanks to the American taxpayer, they'll be able to afford to receive the plane from Lockheed, which has only been able to build the plane because of an

ongoing subsidy also provided by the U.S. taxpayer in the form of the Pentagon's own haphazard effort to get the "most expensive weapons system in history" off the ground here in the United States.

Can't you just hear the money flushing down the drain ... and into the already-flush bank accounts of the executives and shareholders who are perennially enriched by the world's biggest weapons-maker and the U.S. government's biggest contractor?

Investment in Lobbying

Not coincidentally, Lockheed has spent over \$7 million on lobbying thus far this year. And that's why it's worth considering that the Israel Lobby is not, as Mearsheimer and Walt claimed in 2006 and many believe today, the apex predator among the herd of special interest groups feasting on U.S. foreign policy.

The vaunted American-Israel Public Affairs Committee (AIPAC) has spent \$1.8 million on lobbying so far this year. Its high-water mark was during last year's scrum around the Iran nuclear deal when it spent \$3.88 million, according to OpenSecrets.org.

And Lockheed's high water mark? They hit \$16.1 million in 2008, when the profitable, but ever-more catastrophic Global War on Terror came under a great deal of election year scrutiny. That year was a high-water mark for the industry as a whole with a whopping \$153.3 million spread around the political process by Profiteers of Doom.

Lockheed also leads the defense industry pack in giving to Congressional candidates of both stripes. So far this year they've doled-out \$3.1 million while the entire industry has dropped a cool \$22 million around Capitol Hill, according to OpenSecrets.org's latest numbers. It's enough to (almost) make Sheldon Adelson blush.

So, here's the question: Is Israel's \$38 billion windfall really yet another example of how Washington, DC is "Israeli Occupied Territory"? Or it is just a continuation of a decades-long defense industry money-laundering scheme dating back to the start of the Cold War with the Mutual Defense Assistance Act of 1949?

That's when the so-called Iron Curtain officially became a cash cow for the Military-Industrial Complex and President Harry Truman created one of the industry's most reliable slush funds – foreign military assistance. Some of that aid was used to send U.S. weapons directly to allies. Some of it was direct aid (a.k.a. money) used to buy U.S. weapons. Some of it financed the purchase of U.S. weapons. And some of was used to buy from other dealers – particularly as

Europe built-up its own, NATO-stoked defense industry.

But mostly it's been a tidy little loop that cycles U.S. tax-dollars back to the corporate arms-dealers back in the United States. And it still is. That's why contractors are touting Cold War 2.0 to investors and why the State Department deploys *de facto* salespeople to push arms around the Middle East and why the Israelis always get their way in spite of what would seem to be America's larger national interests.

Frankly, the \$38 billion "aid" package is as much of – if not more of – a gift to the Military-Industrial millionaires who've made a killing off of the Middle East's woes. And now that Obama nixed Israel's use of aid on its own industry, it is really just the middleman through which the money passes on its way back to America's defense industry.

A Money-Laundering Scheme

The stark truth is that America's so-called "national interests" reflect the wishes of the Military-Industrial Complex far more than they do Israel or any foreign power. That's why military aid so often laundered tax dollars through a rogue's gallery of strongmen, counterproductive military juntas, brutal anti-Communist regimes and, since the advent of the Global War on Terror, through those snazzy little coalitions cobbled together out of nations willing to aid in overthrowing governments, to abet in torture and, thereby, to create an endless supply of enemies around the world.

Really, once you view U.S. foreign policy as a vast money-laundering scheme, America's frustrating (perhaps even immoral) policies toward Israel and Saudi Arabia and Eastern Europe and practically everywhere else suddenly look a lot more rational.

So, it isn't ideology or stupidity or some Svengali-induced trance that has America looking the other way in the Occupied Territories or supporting the carnage in Yemen or fueling the largest military build-up in Europe ... since the last largest military build-up in Europe.

Rather, there is a simple profit motive at the heart of U.S. foreign policy. Always has been. Maybe there always will be. To wit, America isn't just the world's biggest spender on its own military, but it also accounts for one-third of all foreign military sales worldwide.

Uncle Sam's Club services "at least" 96 countries. That's nearly half of the world's nations. And 40 percent of those weapons end up in the Middle East. Like Israel, Saudi Arabia is among its most reliable customers and Uncle Sam is keeping them supplied with everything they need to turn Yemen into a

humanitarian catastrophe.

Just like Israel, many point to the pernicious power of Saudi influence in shaping U.S. policy. And like Israeli policy, Saudi policy seems counterproductive to U.S. interests. Perhaps even more so since Saudi-exported jihadism helped set the conditions for the Global War on Terror. But that means the Saudi Government is not just a great customer, but they even open up new markets!

And that's the real reason Saudi Arabia, just like Israel, always seems to get away with (literally) murder. It's not because they "control" the United States. It's because U.S. taxpayer-funded defense spending in a "dangerous world" is the most reliable source of income in human history.

Like Listerine needs "chronic halitosis" to sell mouthwash, the post-Cold War defense industry needs lotsa "bad breath" in Russia, in the South China Sea, in Africa and, of course, in the Middle East. And who leaves a more bitter taste in the mouths of their neighbors than Israel and Saudi Arabia?

Even better, here in the U.S. they've become big glaring targets of disdain and suspicion despite the fact that the biggest beneficiaries of U.S. policy toward both are the U.S. corporations that sell them big bangs for big bucks ... and profit even more off the collateral chaos they spawn.

So, it's not influence. It's really about customer service. And the customer is always right.

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