

SEQUESTER: A TWO-YEAR COMPETITIVE ADVANTAGE FOR THE MILITARY-INDUSTRIAL COMPLEX

Remember how, before the election, Lockheed threatened to send out layoff notices to all its employees just before the election because sequestration might force it to layoff 10,000 employees?

Here's the actual state of affairs for defense contractors:

The biggest defense companies' share value has soared faster than the stock market since sequester spending cuts began on March 1.

While the S&P is up 3.7 percent and the Dow Jones industrial average has risen 4.3 percent, Boeing has jumped 9.6 percent, Lockheed Martin is up 8.3 percent. Northrop Grumman has climbed 6.1 percent and Raytheon is up 6 percent.

[snip]

No major defense layoffs tied to the sequester have been announced under the Worker Adjustment and Retraining Notification (WARN) Act, despite predictions during the heat of the 2012 presidential campaign when companies pressed Congress to turn off the automatic cuts.

[snip]

Defense experts say the sequester will inflict pain on the defense sector, but the pace of the cuts will not help contractors make their case. "There are

real impacts here on national security from what this is going to do to the defense industrial base, but it's not this year, it's not even next year – and will anyone be listening by the time those effects become evident?" said Todd Harrison, a defense budget analyst at the Center for Strategic and Budgetary Assessments.

And all that's before you consider the \$334 MLockheed itself got before the sequester just to protect the F-35 program.

So while actual government employees are dealing with cuts and other resources are being cut, the defense industry still has a year before they're going to feel the pinch.

This was all predictable (I'm pretty sure DDay laid it all out, back in the day). But it's nice to know the parts of our economy that DC really care about – the warmaking, campaign donating ones – are still doing swimmingly under austerity.