

CORRUPT BARGAIN? One Company's Monopoly on the Development of Long-Range Nuclear Missiles

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The Pentagon has just announced a \$13.3 billion contract to Northrop Grumman for the development of a new Intercontinental Ballistic Missile (ICBM), known formally as the Ground-Based Strategic Deterrent (GBSD).¹ The Department is poised to spend \$85 to \$150 billion over the next decade and beyond on this new generation of ICBMs. New ICBMs are both unnecessary and dangerous. In a crisis, the president has only a matter of minutes to decide whether to launch them, significantly increasing the risk of an accidental nuclear war. The best outcome would be to stop the development of the new ICBM and eliminate current long-range nuclear missiles from the U.S. arsenal.² But doing so will require winning a political battle with the powerful ICBM lobby and overcoming the longstanding, misguided belief that a nuclear “triad” of land-based and submarine launched nuclear missiles and nuclear armed bombers is essential to U.S. security.³ In the meantime, the process through which the new missiles are being developed – a “sole source” contract without competition – is suspect, if not outright corrupt.

Northrop Grumman's Monopoly

In the initial runup to the Pentagon award of the next phase of the new ICBM project scheduled for later this year, there were two competitors, Boeing and Northrop Grumman. But in June of 2019, Boeing pulled out, claiming that the terms were unfairly tilted in favor of Northrop Grumman. A key complaint was Northrop Grumman's acquisition of Orbital ATK, the main US producer of Solid Rocket Motors (SRMs) used in ICBMs. Prior to the acquisition, Orbital ATK had

been part of the Boeing team that was bidding to develop the new missile. The acquisition complicated Boeing's ability to acquire SRMs for its version of the missile and raised the risk that Orbital ATK would share proprietary information on the Boeing bid with Northrop Grumman. Boeing viewed efforts to protect against this outcome as inadequate and withdrew from the competition.⁴



An unarmed Minuteman III intercontinental ballistic missile launches during an operational test at Vandenberg Air Force Base, Calif., Oct. 2, 2019. (U.S. Air Force photo by Staff Sgt. J.T. Armstrong)

1. Robert Burns, “Air Force Awards \$13.3 Billion Contract For Nuclear Missiles,” Washington Post, September 8, 2020 (via Associated Press), at https://www.washingtonpost.com/world/national-security/air-force-awards-133-billion-contract-for-nuclear-missiles/2020/09/08/e0167fb2-f22a-11ea-8025-5d3489768ac8_story.html

2. William J. Perry, “Why It's Safe to Scrap America's ICBMs,” New York Times, September 30, 2016, at <https://www.nytimes.com/2016/09/30/opinion/why-its-safe-to-scrap-americas-icbms.html>; and William J. Perry and Tom Z. Collina, *The Button: The New Nuclear Arms Race and Presidential Power from Truman to Trump*, Ben Bella Books, 2020) pp. 107 to 111; and David Wright, William D. Hartung, and Lisbeth Gronlund, “Rethinking Land-Based Nuclear Missiles: Sensible Risk-Reduction Practices for US ICBMs,” Union of Concerned Scientists, June 2020, Chapters 4 and 5, at <https://www.ucsusa.org/sites/default/files/2020-06/rethinking-land-based-nuclear-missiles.pdf>.

3. William D. Hartung, “Special Interests or the National Interest: Inside the ICBM Lobby,” Center for International Policy, June 2020, at https://static.wixstatic.com/ugd/3ba8a1_ef3398d692904c6e9c1554d595ee6572.pdf; and Appendix B, “Non-Security Factors in Retaining the ICBM Force,” in David Wright, William D. Hartung, and Lisbeth Gronlund, op. cit. note 1.

4. Marcus Weisgerber, “Boeing: \$85 Billion Competition to Build New ICBM Favors Northrop Grumman,” Defense One, July 25, 2019, at <https://www.defenseone.com/business/2019/07/boeing-85b-competition-build-new-icbms-favors-northrop-grumman/158695/>

Byron Callan, a defense industry analyst with Capital Alpha partners, raised questions about the deal: "It would be unusual, in our view, for a program of this size not to be competitively bid."⁵ One problem posed by the arrangement is that the already astronomical costs of the program will increase further because the Pentagon's limited bargaining power when it has only one contractor. The problem could be exacerbated if Northrop Grumman's missile fails to perform as advertised. The company already has a record of serious cost overruns on complex systems, as in a 2017 contract with Northrop Grumman to supply software for Air Force Operations Centers that was cancelled after four years and hundreds of millions of dollars in cost overruns.⁶

The Way Forward

There is no rush to build a new ICBM. Upgraded versions of current missiles can do the job for years to come, and development of a new version could take a decade or more. The next administration should review the new contract as part of a careful consideration of whether ICBMs are needed at all.

5. Ibid.

6. "Air Force Cancels AOC Contract With Northrop," Air Force Magazine, July 13, 2020, at <https://www.airforcemag.com/usaf-cancels-aoc-contract-with-northrop/>