

Safety, Secrets, and Settlements: How U.S. Military Contractors Manage Public

Image

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On my honor as a University student, I have neither given nor received unauthorized aid on this assignment as defined by the Honor Guidelines for Thesis-Related Assignments.

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Military contracting is a substantial industry in the United States: In the 2020 fiscal year, the Department of Defense obligated \$420 billion on federal contracts, “more... than all other government agencies combined” according to the Congressional Research Service (Peters, 2021). Private companies competing for lucrative federal contracts invest significant resources in gaining an advantage. The public image of military contractors affects the success of all groups involved in military procurement; elected officials may be blamed if a company they favored falls under scrutiny. Conversely, companies with a positive public image are a more secure and advantageous choice. Military contractors contribute to the national defense by supplying the armed forces with cutting-edge technology and support, but they have also exacerbated problems of wasteful spending and deficient quality, and have been implicated in disasters causing civilian fatalities (McGregor, 2021). To manage public perceptions, U.S. military contractors engage in a unique form of advertising, hide controversy behind legal ambiguity, and withhold information from the public through their protections as a private company handling sensitive secrets. Two case studies of prominent U.S. military contractors, Lockheed Martin and Blackwater USA, illustrate these strategies.

Military contractors face unique public relations challenges. Some military contractors primarily sell weapons and equipment; others supply trained personnel. Both types of companies must earn support from stakeholders to win contracts. Elected officials and the Department of Defense also benefit from military contractors’ positive public image, since voters will associate the successful military contractors with the officials who hired them. The mutually beneficial relationship between military contractors, elected officials in Congress, and the Department of Defense is known as an “iron triangle,” and it has a profound effect on situations where one

member of the triangle must be held accountable by the other two (Adams, Sokoloff, and D'Onofrio, 1981). While the U.S. military's proximity to military contractors' operations offers some benefit from a positive public image, advocates for members of the military have conflicted with contractors in the past, since the business agenda of contractors does not always align with the best interest of individuals in the military. The Association of the U.S. Army has criticized the way that choices for contract winners are often influenced more by lobbying efforts than the needs of U.S. soldiers, compromising the quality of their equipment (AUSA, 1986). Marketing and public relations companies help military contractors manage public perceptions. The company Sales Artillery profits from coaching military contractors on marketing strategies and publishing marketing-related research (Burdette, 2014). Their business agendas benefit from both the success of military contractors and the controversies that they generate.

Review of Literature

Past literature on marketing strategies of companies investigates public image management. Alexander (2015) discusses the fear-based marketing campaign of liver stimulant drugs in post-war Japan. The methods used by these companies to create fear around liver disease and insert their product as a unique and much-needed solution parallels the fear of military threats invoked in many advertising campaigns of military contractors. Bell, Fitzgerald, and York (2017) investigate marketing strategies of fossil fuel companies in the U.S. They comment on the importance of maintaining dominance in a marketing space for these companies, as well as the idea of equating the company's needs with the needs of the public.

Researchers have studied how military contractors influence public opinion. Adams, Sokoloff, and D'Onofrio (1981) Describe the concept of the "iron triangle" and discuss the

marketing and grass roots efforts of a number of military contractors. They contend that advertising has “real benefits, some of which accrue to the Government” via the generation of public interest in defense projects. McGregor (2021) highlights secrecy as a means to conceal wasteful military procurement, thereby preventing public demands for reform. Using the case of Blackwater USA and the 2007 Nisour Square Massacre in Baghdad, Jung (2016) demonstrates the legal protections and loopholes that prevent the prosecution of private military contractors. Brown (2019) describes how the current gaps in U.S. and international law hinder accountability enforcement for private military contractors and suggests other legislation to use as a template for prosecuting such companies. Brady (1959) discusses the benefits of legal settlements as opposed to lawsuits.

Public image is implicit in much of the research on U.S. military contractors, especially research related to the shortcoming of the legal system to prosecute them; the research presented in this paper furthers the work of past researchers by viewing established behaviors of military contractors under the focus of public image management to connect different strategies.

Lockheed Martin

Lockheed Martin is a globally involved equipment-based U.S. military contractor (Lockheed Martin, 2018a; Peters, 2021). Founded as the merging of two aircraft companies in 1995, Lockheed Martin is the world’s largest military contracting company by defense revenue (Defense News, 2023). Their history of lucrative contracts with the U.S. Department of Defense and other national governments have increased their global access to resources and influence, but it has also led to their exposure to controversy.

Lockheed Martin's approach to advertising relies on cultivating a fear of unpreparedness to face an unspecified threat and an assurance that Lockheed Martin will keep the U.S. prepared. Image advertisements display Lockheed's most well known products behind phrases such as "The threats never stop evolving" (Lockheed Martin, 2016) and "Ensuring those we serve always stay ahead of ready" (Lockheed Martin, 2022d). Videos published by Lockheed show soldiers using their technology, set to intense background music. They mention the idea of a "mission. Your mission. The one that lives depend on. That the future depends on" (Lockheed Martin, 2018b). They contain phrases such as "When millions of people are counting on you, you can count on us" (Lockheed Martin, 2018b) and "New age threats require new age capabilities" (Lockheed Martin, 2020). The language and imagery appeals in different ways to both U.S. citizens and elected officials. By cultivating the idea of a generic external threat, they create a need for their products in groups that believe in a variety of threats to their safety and the safety of the nation, as well as groups concerned for the safety of members of the military. This way, citizens have a need for Lockheed's products despite no citizen ever directly purchasing anything from them. Lockheed also reminds elected officials that "millions" are counting them to keep the country and the military as safe and equipped as possible, and offer to share that responsibility.

Due to their well-established status as a global military contractor, much of their advertising has the goal of maintaining a reputation rather than reaching a new audience. Douglas Burdette, founder of a marketing consulting agency, describes some of Lockheed Martin's advertisements as "not intended to make a sale, but more keep a sale" (Klara, 2014). The advertisements feature imagery of successfully implemented technology mixed in with future concepts to remind stakeholders of their successes and imply a continuation of their momentum.

Lockheed Martin's status as a private company gives them more control over any information available to the public. Lockheed Martin's 2022 human rights report is an example. Leading up to the most recent annual meeting of shareholders in April of 2022, three shareholders drafted a proposal for Lockheed Martin to publish a full human rights impact assessment. The proponents argued that although Lockheed has produced a human rights report, it reports only the due-diligence processes that Lockheed commits to, not the results of their impact. They also mention Lockheed's policy for ethical use of artificial intelligence, which "investors are unable to assess the contents of this policy or how it is implemented, given that it is not publicly available" (Investor Advocates, 2022). They list several human rights issues that Lockheed Martin did not address in their report from the previous year, and criticize the company for omitting issues that involve loss of life. They assert that Lockheed Martin's "compliance with U.S. regulations is not enough to fulfill international human rights responsibilities," since it does not necessarily preclude Lockheed Martin's contribution to international human rights violations through weapons sales (Investor Advocates, 2022).

Lockheed Martin responded to the proposal in their Proxy Statement & Notice of Annual Meeting of Stockholders. They open the section of the statement with the phrase "The Board unanimously recommends that you vote against [the proposal to publish a human rights impact assessment]" (Lockheed Martin, 2022b). Following an abridged version of the proposal, the statement maintains that Lockheed Martin "already publishes a human rights report" and that a separate report "would not add significant value for stockholders. Such a report would impose impracticable requirements on our operations and would interfere with our ability to serve our primary customers, the U.S. government, and its allies" (Lockheed Martin, 2022b). Three-quarters of voting stakeholders voted against the proposal (Lockheed Martin, 2022c), and

the human rights report published in 2022 did not address any of the concerns outlined in the proposal. The only mention of impact assessments occurs in the last section of the 2022 report, titled “Human Rights Impact Analysis,” which expresses intent to use gathered research on impact assessments to further refine their processes given the “challenges and limitations of [their] industry” (Lockheed Martin, 2022a).

Lockheed Martin’s resources as a large company help to avoid public scrutiny over controversies by settling out of lawsuits brought against the company. Settlements are preferable to legal proceedings because they offer predictable results and do not require an admission of guilt (Offshore Protection, 2021). By entering into a settlement, Lockheed Martin can quickly resolve the controversy without the public attention or the risk of a guilty verdict. One of the many examples of this strategy occurred in 1996 in Burbank, California. Community members accused Lockheed Martin B-1 manufacturing plant in the area of polluting the soil and water, causing the destruction of property and health complications in workers and residents. Lockheed Martin resolved the situation by paying a settlement with 1,300 residents of more than \$60 million. The agreement was made through a “private mediation process, not a class action lawsuit” (LADN, 1996), and Lockheed Martin never admitted responsibility for the damages despite closing down the facility and contributing to the cleanup of the 13 square-mile affected site (Guccioni, 2000). On their website, Lockheed Martin has a page acknowledging their operations’ effect on the community of Burbank, but they take credit only for the funding provided for the continuing cleanup, with no mention of the alleged effects on residents’ health and property (Lockheed Martin, 2021). By settling outside of a lawsuit, Lockheed Martin has been able to control the narrative around this controversy. This is not an isolated case, as

Lockheed Martin has used settlement agreements to respond to many controversies throughout the company's existence (DOJ, 2012, 2016).

Blackwater USA and the Nisour Square Massacre

Blackwater USA, known today as Constellis, is a personnel-based contracting company. Founded in 1997, Blackwater was heavily involved in security operations during U.S. involvement in Iraq, during which their employees became notorious for controversy; Blackwater was connected to a series of criminal allegations that culminated in the Nisour Square massacre. On September 16th, 2007, in Baghdad, Iraq, employees of Blackwater USA killed 17 and injured 20 Iraqi citizens while traveling in a convoy through Nisour Square (Scahill, 2008). The Nisour Square massacre and the legal proceedings that followed garnered global attention and caused many people to question the place of private armies in Iraq. It also served as a clear portrayal of a company employing every possible strategy to save their public image amidst global controversy.

Blackwater USA employed many standard public relations strategies among US Military contractors to maintain a positive public perception during the investigation of the Nisour Square Massacre. Similar to Lockheed Martin's approach, Blackwater appealed to US citizens' fears of their safety being compromised by military conflicts by suggesting that their employees were holding back an imminent threat to the U.S. Blackwater CEO Eric Prince demonstrated this rhetoric in his testimony following Nisour square, when he is quoted as defending the men involved by saying they "play defense" and "bleed red, white, and blue" (Scahill, 2008). The illustration of Blackwater employees as defenders of U.S. ideals, and the implication that terrorism would proliferate in their absence convinced many Americans to make allowances for

behavior that would otherwise not be tolerated. Their strategy to appear as a necessary protection for citizens persists today. A video published by Constellis highlights the need for their security services, ending with the assertion: “we are creating a safer world” (Constellis, 2021).

Blackwater’s marketing demonstrates a reliance on the principle that many fearful people will make allowances for authorities that guarantee safety.

Blackwater also demonstrated how they withhold information that would negatively affect public perceptions during the Nisour Square investigation. During the trial, Prince responded to an inquiry about the profits of Blackwater by saying that Blackwater is “a private company, and there is a key word there, private” (Congress, 2008). Blackwater’s status as a private company allowed Prince to keep financial information from being evaluated by the public, despite the fact that Blackwater makes “90 percent of [its] money from U.S. taxpayers” (Congress, 2008).

Blackwater managed its public image by heavily taking advantage of its unique legal status to avoid lawsuits that would draw unwanted attention to controversies. Lawsuits brought against companies have direct effects on their public reputation, and are taken into account when evaluating public perceptions (Eccles, 2007). Blackwater, like all military contractors, had two advantages in this regard: they occupied a space between the military and private companies that absolves them of many legal paths to enforcement, and they have a close relationship with the government that prosecutes them.

Military contractors working internationally often operate beyond the jurisdictional reach of the countries whose laws they may violate (Jung, 2016). Despite acting as an arm of the Department of Defense in Iraq, Blackwater did not operate under the same rules of engagement as the military, as evidenced by the fact that “while scores of U.S. soldiers had been

court-martialed on murder-related charges in Iraq, not a single Blackwater contractor had ever been charged with a crime under any legal system—U.S. civilian law, military law, or Iraqi law.” (Scahill, 2008). Blackwater employees were not held accountable for several crimes leading up to Nisour Square. In 2006, an off-duty Blackwater guard shot and killed a bodyguard of the Iraqi vice president. He was immediately evacuated from the country and was fired from Blackwater, but was never charged with any crime, and was rehired by another defense contractor weeks after the incident (Scahill, 2008). Throughout the Nisour Square investigation, Prince used Blackwater’s limitations as an employer to justify the company's inaction when employees committed crimes internationally. When speaking about the incident with the Iraqi Vice President's bodyguard, he told a House Panel: "we fired him. We fined him. But we, as a private organization, can't do any more... . We are not empowered to enforce U.S. law" (Congress, 2008).

Military contractors are hired by the Department of Defense and often protect government officials when they travel to dangerous areas abroad. Crimes committed by military contractors are investigated by Congress and the State Department. The close tie between military contractors and the U.S. government produces a “half-hearted commitment to bringing private contractor’s crimes under the American judicial system,” since a conviction would also harm the public image of the U.S. government for contracting that company (Jung, 2016). Government officials who have directly taken advantage of the company’s services also feel indebted to these companies for their protection. Representative Steven Lynch recognized this conflict of interest during the Nisour Square investigation, admitting that he “had a difficult time criticizing those employees because [he is] in their debt,” and recognizing that the State

Department, which is responsible for holding Blackwater accountable, faces the same “impossible conflict to resolve” (Congress, 2008).

The State Department’s sympathy towards Blackwater, compounded by the federal government’s responsibility for hiring Blackwater and the implications if they would be convicted, resulted in an investigation that is considered to be mishandled (Jung, 2016). The most obstructive error was that the State Department promised immunity for all statements made by Blackwater guards that helped the investigation, despite there being no precedent for the State Department to grant such immunity (Scahill, 2008). All statements made were not permitted as evidence in court, making it so difficult to convict the defendants that the case was originally thrown out (Jung, 2016). Regardless of whether the actions taken by the State Department were intentional or an unintentional consequence of a sympathetic relationship to Blackwater, they significantly obstructed the proceedings of the case.

Conclusion

All three types of strategies discussed in this research paper have a commonality: they all rely on the military contractor’s unique position at the threshold between government and private industry. Marketing strategies stress the association between military contractors and national security, implying a correlation between their business success and the successful protection of U.S. domestic and international interests. They take advantage of their status as a private company to withhold financial information from the public in spite of the fact that, for many military contractors, the majority of their profits come from taxpayer funds. They rely on the ambiguous legal position that they occupy, outside of the jurisdiction of both U.S. law and military marshal law, when acting internationally to avoid prosecution. When accusations of a

crime are brought to them, they rely on the fact that their prosecutors are the same organizations that hired them to obstruct the prosecution process. In his farewell address to the nation in 1961, President Eisenhower coined the term “military-industrial complex,” warning that its influence in government bore the “potential for the disastrous rise of misplaced power” (Eisenhower, 1961). These cases demonstrate how military contractors have taken advantage of “misplaced power” to manage their public image and advance their business agenda, even amidst controversy.

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