

Is Lockheed Martin an “Arm of the State?”

I have another reddit discussion for your reading pleasure. I kicked this one off with this image posted to r/Anarcho_Capitalism, with the commentary, “This so-called libertarian thinks that Amazon is not giving their employees enough benefits in the form of better working conditions and the employees have no other options but to either endure it or starve. Everywhere I go online and offline I see companies hiring. SMH.” The following ensued with user upchuck13 which quickly veered away from Amazon to Lockheed Martin.

upchuck13: Having an option to go elsewhere doesn’t mean that one is treated sufficiently well. This is a common argument statistis make: you’re free to leave.

Skyler: Working conditions are a part of the total compensation package for workers. If a company is able to attract and keep workers with the total compensation package they offer, there’s absolutely no reason to change it except “feels”. These people have likely never had to make these types of [entrepreneurial] decisions.

upchuck13: This is all true but it ignores the larger context in which the actors (employer and employee) may find themselves in. The fact that a company can attract and keep workers, and that workers are better off working for that company than any other alternative does not address whatever historical circumstances may have lead to unequal bargaining power between the two.

Skyler: Why would that bestow any responsibilities onto the employer that are not explicitly agreed to? Social contracts are for statistis, not markets. The circumstances are not the fault of the employer, and so they incur no obligations.

upchuck13: In a rigged market like the one we have now individuals may agree to certain arrangements within a limited choice framework, but that doesn’t indicate that the agreement is voluntary in a broader sense – just as a taxpayer “chooses” to pay taxes because the alternatives are a lot worse.

Note I’m not saying the employer incurs some obligations – just that the arrangement employees make with Amazon may not be the kind they would make in a free market.

(In the case of Amazon specifically though, I would certainly say they’re not a morally neutral actor. They willingly accept state money and benefit from a whole slew of state regulation and legal protection.)

Skyler: Amazon isn’t doing the rigging, the government is. The government is also threatening aggression for not paying them taxes. These aren’t analogous at all. Does

Amazon have any obligation to hire someone in the first place? Then how can they have any obligations beyond the employment contract? There are no doubt plenty of willing workers waiting in line behind every employee at Amazon who disagrees with the working conditions. Amazon has no obligation to improve working conditions so long as they can attract and keep workers with the working conditions as they are. And the only obligations they would have to meet would be to their shareholders, not to their workers.

upchuck13: I'm not sure I'm very convinced by the *de jure* distinction between governments and large corporations any more. Amazon accepts millions of dollars from the US government, it receives government contracts, uses government roads for its delivery service, benefits from intellectual property, provides services to the US government, etc. The state skews the playing field in favour of Amazon to a substantial degree, such that Amazon may not be really considered a free market entity. Once that's the case it's much harder to determine whether contracts entered into with Amazon by employees are free in the true sense.

Skyler: I highly recommend one of the recent episodes of Kinsella on Liberty. He talks about exactly this sort of thing and I think all of his points are valid:
<https://www.stephankinsella.com/paf-podcast/kol354-cda-230-being-part-of-the-state-nick-sinard/>

upchuck13: Hi, I listened to this. A few points.

I plan to read more of Kinsella's take on this topic, specifically some of the stuff linked below that video, as well as the JLS stuff he's written.

A few interesting side points. Around 35 minutes in he makes a distinction between "harm" and "aggression", saying something like "You have a right to harm people as long as it's not done with aggression. So, if I open up a business and compete with you I am harming you, even though it's not aggression." This is an interesting idea, I can't say I disagree.

More to the point, it doesn't seem like Kinsella is on face opposed to my point. He doesn't say that we can't ever rule out private entities being part of the state. He even uses the term "nominal private ownership" indicating that he, like I, doesn't think *de jure* private property claims are sufficient to justify *de facto* property claims.

He says we can't make such claims from our armchair. I agree - the specifics are important. It doesn't make sense to say that all corporations are part of the state, all wealthy people are part of the state, etc. It has to be discussed on a case by case basis.

Near the start I think he somewhat straw-mans this argument by saying something like "If google is part of the state, what about civil servants? What about people who receive contracts from the government? What about welfare recipients? What about kids attending

public schools?” I think this is a bit disingenuous. There’s clearly a difference between a company like Lockheed Martin or Boeing vs. a homeless man receiving food stamps. Off the top of my head one could make up some kind of ranking or hierarchy that takes into account different aspects of the entities relationship with the state. It could consider:

- The entity receives government money.
- The entity actively lobbies the government for money or benefits.
- The entity benefits from government policy.
- The entity lobbies for policy that will benefit it.
- The entity receives state benefits but only for sustenance.
- etc.

At the top of the hierarchy could be an organization that receives government money, benefits from state policies, actively lobbies for such policies, has its product/service demand primarily from the state, has a captive market, holds extensive political influence, routinely circulates staff from the highest levels of government administration, while retaining high profits and grossly benefiting its members financially, reputationally, etc.

On the other hand could be company that receives funding from the government but doesn’t hold any political sway, serves primarily a private market, is made no better off or is harmed by government policy, and earns a typical market rate of return.

From a libertarian perspective these 2 entities are clearly different, and at different ends of a spectrum.

At the end, around 36 minutes I think Kinsella actually makes a point that supports this. It’s funny because he uses the same analogy I do to make my point when speaking with libertarians. He uses the analogy of a bank robbery.

There’s a shotgun holder, the bagman, and getaway driver. It doesn’t make sense to say – as Kinsella states some libertarians do – that by Rothbardian rights theory only the man who holds the shotgun (in my analogy, the state) is the only party committing aggression (in this case aggression is the existing economic order). Clearly the bag man (monopoly capital, plutocracy, state capitalists, whatever you want to call them) are also complicit in, willing, and benefitting from the bank robbery. As such both parties, the shotgun holder and the bagman, are morally culpable. The distribution of that culpability depends on the specifics, as Kinsella says, and I agree.

Skyler: I would say Lockheed making bombs and then deploying them against innocents is Lockheed committing aggression. Lockheed making bombs, selling them to the state, and then the state deploying them against innocents is probably not Lockheed committing aggression. No more than gun manufactures who sell guns to people who commit crimes

with them. Maybe all of Lockheed's profits come from governments, but I don't think that makes Lockheed the aggressor, or any sort of "arm of the state". The state is the bad guy here, the aggressor, and should be abolished. Lockheed is just an arms dealer, not engaged in aggression against anyone. Same with Facebook, Google, Microsoft, or any other company with a government contract. We can agitate for them not to do business with the state, but it seems wholly nonsensical to agitate for the state to commit more aggression against these business partners.

Having said that, I did think of one possible tactic in getting companies who do business with the state to respect First Amendment protected rights like free speech: force the state to include in their contracts a clause that require companies who accept the contract, and the state's funds, to respect First Amendment protected rights. IOW, no company is forced by the state to respect free speech, but if you want to do business with the state, you must. This is a bind on the state directly, and only indirectly on the company via explicit contract.

upchuck13: Can you give reasons why you don't think LM is not a de facto wing of the state?

I just went on to their web page to find a PDF of their financial statements to look through the notes on their revenue and what the different sources are. But before I even got there I see their homepage: It's a picture of a warship with a military jet aircraft flying over it. In big letters I see "Overmatching adversaries" and underneath, "Bringing distributed maritime operations and deterrence to the US Navy".

This is blatantly stated on their home page. If they removed the corporate logo and threw in some seals I could easily have mistook it for a website of one of the branches of the US military. If I continue to scroll down all I see is more pictures of various military ships, planes, helicopters, missiles, etc. See for yourself:

<https://lockheedmartin.com/en-us/index.html/>

Scroll down and click on "Products" - it's all military hardware.

If I open up their 2020 FS and look at the section on revenue recognition I see:

"The majority of our net sales are generated from long term contracts with the US government and international customers (including foreign military sales contracted through the US government) ..."

If the US government were to nationalize LM would that make a difference? As it stands the corporation is basically a nominally private manufacturing wing for the US military.

You said, *“No more than gun manufactures who sell guns to people who commit crimes with them.”*

I disagree, I don't think it's analogous.

Gun manufacturers sell to customers who are willingly paying with their own money. LM sells to the US government that purchases arms with stolen money.

Hand guns can be used for self defence, hobby, and other uses. LM missiles, military style aircraft and navy vessels are basically exclusively used by the US military to commit imperial aggression.

It's not reasonable to expect a gun manufacturer to expect to keep track of all the different uses of the guns it sells. Most of the time they're used peacefully. LM clearly knows its weapons are being used to kill civilians every day on a large scale. They cannot claim plausible deniability.

Skyler: Is the United States government their only customer? They might be evil, they might be aggressors in a sense, they might be wrongdoers, but that doesn't make them an “arm of the state” subject to the First Amendment. That just makes them another criminal organization, albeit with legal sanction.

upchuck13: I am not approaching this from a first amendment point of view, but more from a libertarian class analysis perspective.

Skyler: Then what's the point in calling them an arm of the state?

upchuck13: As a party closely aligned with the state certain broad sweeping comments about markets or private property may not apply to them. In a market firms are profitable because they supply consumers with goods. LM is profitable because it collects rents from taxpayers. Etc.

Skyler: But it's not the one employing aggression. It's customer is. That's an important distinction I think.

upchuck13: I guess we have to agree to disagree in this case. To me the features of LM I laid out above constitute coercion. To bring it back to kinsella, they are an accomplice. Sole aggressor? No. Maybe not even primary aggressor, but they are engaging in coercive behavior.

As a thought experiment, let me push the other way. Who is “the state” in this case?

Skyler: These people: <https://everything-voluntary.com/the-facts-on-government> (I wrote this.)

upchuck13: While I don't agree with what's written here, this doesn't give us a specific empirical guidelines as to how to identify Group A, or how to determine whether or not a specific party is in group A or group B – as is the issue in our discussion.

Skyler: Sure there is. Who controls the prison systems?

upchuck13: The government?

Skyler: ding ding ding. Hence, group A.

upchuck13: OK but, the empirical issues aside (does the government control the prisons or do prison gangs?) I don't think controlling a prison is sufficient to indicate whether or not an entity is the state or not.

After all, the Federal Reserve doesn't run any prisons, nor does the post office.

And it's conceivable that a government could entirely outsource its prison system to a nominally private entity.

Furthermore, I could see it not being beyond a Nordic socialist country to entirely abolish prisons, but that certainly wouldn't mean they don't have a state.

Skyler: The Fed isn't a state, but it is controlled by one. Same with the post office. Any more examples of how I'm right?

And I never claimed having a prison was the fundamental characteristic, did I?

upchuck13: What specific institution can we point to and say "it's the state" (as opposed to it's controlled by the state?) Is the CIA the state? The department of defense? The state department? The education department?

Skyler: Those are all departments of the state. I don't know why this is difficult for you. Any institution (and it's myriad departments) claiming and maintaining a monopoly on determining when force (violence) may or may not be used in a defined territory is a state. In shorthand, the state is the institution in society claiming a monopoly on violence. The state doesn't really exist. It's a construct by group A to legitimize their predatory behavior over group B. It exempts itself from crime, essentially. See my short essay:
<https://everything-voluntary.com/the-facts-on-government>

See Rothbard from my book, "the State is that organization in society which attempts to maintain a monopoly of the use of force and violence in a given territorial area; in particular, it is the only organization in society that obtains its revenue not by voluntary contribution or payment for services rendered, but by coercion." link:
<https://everything-voluntary.com/everything-voluntary-chapter-4a>

See Hoppe, "A state is defined conventionally as an agency that exercises a compulsory territorial monopoly of ultimate decision making (jurisdiction)" link:
<https://mises.org/library/democratic-leviathan>

upchuck13: I read your essay. I pointed out that although we can define Group A as such, it's still less clear how to identify these groups empirically in the real world. You made a point about which group owns the prisons. That's fine, but it's clearly not sufficient.

As an example, the department of agriculture presumably operates no prisons, but that doesn't mean it isn't a state institution. You can reply that "Yes, they don't operate any prisons, but they're still part of the state", but that's just begging the question.

The state doesn't really exist. It's a construct by group A to legitimize their predatory behavior over group B.

Exactly. The state is a concept, or social construct, and as such it's fuzzy around the edges. This is where I am coming from when I discuss LM. It's not enough to define the state as the various tax funded departments that have the eagle seal in their logos. More analysis has to be done.

Skyler: Modern states incorporate through some sort of constitution or supreme legal code, a "written instrument", none of which apply to anyone, but they pretend it does. Start there if you're looking for documentation. Otherwise, I'm not really sure your point. Group As throughout the world and throughout history create written instruments and pretend that it gives them authority over other people, and proceed to commit acts of aggression against them for violating their rules. It's predatory aggression disguised as "good government" or "democracy" or any other number of bullshit terms.

edit: i missed your bit on LM at first read. im getting old. anyway, people contract with group A and accepts stolen funds from group A, but that doesn't make these people a part of group A. yes, there is often a revolving door between group A and these other groups, but we shouldn't conflate them until group A is paying them to actively and directly aid in their predation of group B (or C, D, etc.).

That's where it ended as of 2 months ago. Having read through this again, his arguments, my mind hasn't been changed. Those who do business with the state, contract with the state, are not *the state* unless their contract includes predation on behalf of the state (like every military officer and law enforcer under it's employ). I don't believe Lockheed Martin fits that bill. They are just an arms dealer receiving stolen funds, which justice would demand they return to the state's victims. That's really as far as it goes, methinks. What do you think?