

NINA MOINI: The war in Iran has led to a boom in the defense industry in Minnesota. That means many companies have increased income as a result of the war. That's according to new reporting from MinnPost. One of the journalists who looked into this is MinnPost data journalist Shadi Bushra. He's on the line now to explain.

Shadi, thank you very much for joining us to share your reporting.

SHADI BUSHRA: Thank you for having me.

NINA MOINI: Let's start, if you would, with the big picture of military contracts. Can you explain what it looks like the relationships between Minnesota and the military?

SHADI BUSHRA: Sure. There are plenty of national companies that have operations here in Minnesota. We're talking Northrop Grumman, Lockheed Martin, sort of the big name, marquee names across the world when you think of defense contracting. There are also all kinds of other smaller services that the military needs to keep its operations running, everything from laundry services to food to landscaping. So it really is a wide range of companies that are benefiting from this.

NINA MOINI: Well, just how big is the defense industry in Minnesota, would you say? When you're talking about some of those smaller businesses, what are some of those and what services are they providing?

SHADI BUSHRA: Sure. Yeah. We looked at everything from the Minnesota Wild being paid for advertising on behalf of the New York-- I'm sorry, on behalf of the US military, recruiting advertising that is. All the way up to creating things such as Bradley Fighting vehicles, components for the F-35 joint strike fighter and missiles, munitions, all those kinds of things.

So last year, if talking numbers, it was over \$24 billion that Minnesota-based companies got. This year for the first six months or so of the fiscal year, that is through the beginning of October and through the beginning of April, we're talking about \$17 billion. So within six months, we're about 70% of what we had last year already.

NINA MOINI: That's interesting. You wrote too about just the changes overall in military spending over the last year or so under this second Trump administration. But why do you think there were more contracts or were there in Minnesota as opposed to other states?

SHADI BUSHRA: I wouldn't necessarily say there were more contracts. We focused our reporting on Minnesota and the impact on the Minnesota economy here. So I'm happy to speak to perhaps why that is the case that Minnesota has so many contracts and so much money coming into it right now.

NINA MOINI: Yeah. We do have all of these bigger companies, like you mentioned.

SHADI BUSHRA: Yes, exactly. I think part of it is also going to be that Minnesota has both an educated workforce, as well as a good manufacturing base. So whether you're looking for people to run and work in your factories or you're looking for folks to design these advanced munitions and aircraft and fighting vehicles, you can find all of that within Minnesota.

NINA MOINI: Yeah. So you found, I understand, that the war in Iran has increased the size of the contracts with Minnesota companies. Can you talk about the long-term impacts of that increase and just maybe an example of what that jump looked like for a specific company?

SHADI BUSHRA: Sure. The long-term impact is going to be that not only are we going to have more military contracts, but we can expect that the value of those will increase because the government will have to replace everything from the munitions that are used. It will have to repair anything any fighter jets, any submarines, any Navy ships that were used in the process of this operation.

So those are just kind of-- it'll be more of a lagging indicator. We won't see that until ships start coming back into port and they start restocking, refueling, et cetera. So maybe not until the end of the war and folks start coming back from the Middle East.

NINA MOINI: Why did you decide to look into this? Like, what are the implications of these numbers?

SHADI BUSHRA: Sure. I cover the Minnesota economy. My colleague Ana Radelat covers DC and how that impacts Minnesota from Washington DC. So we did this project together because what's happening in Iran, obviously, has an impact on the economy, whether it's how much gas is costing, how much food is costing.

But on the flip side, if you are one of these companies, this is kind of a rare bright spot in the Minnesota economy. It's a fair question to ask why this is a bright spot and if it's being outweighed by some of the other factors. But for now, what we're seeing is more money coming into this sector of the Minnesota economy.

NINA MOINI: When you talk to some of these companies, what were their responses to this?

SHADI BUSHRA: Generally, they are just happy to have Minnesota as some place that they can build some of these important items for the Pentagon. And so generally, what you'll find with defense contractors is they will try to spread their contracts out over as many states as possible. There's political reason for that. That way, if there's pressure to get rid of a certain vehicle or a certain item, they have more political support to keep that because they're putting money into these communities, in this case, Minnesota.

NINA MOINI: And some of them said they take great pride in supporting local employment and supporting the military. Are you able to estimate how much employment in Minnesota comes from these defense contracts, or is it more just the numbers of the cost of the contracts?

SHADI BUSHRA: Yeah, it's more just the numbers of the cost of the contracts that we looked at. I don't expect employment changes very much year to year, or at least month to month based on what's going on. I think they take a longer-term view of things, but it does seem that Minnesota is an important place for a lot of these national companies as they're building these national security assets.

NINA MOINI: So the US, Israel, and Iran agreed to this temporary ceasefire. Will that bring the size of these contracts down at all do you think, or see any type of a decrease in military spending? It sounds like you're saying that the increase is here to stay.

SHADI BUSHRA:It seems as if it's here to stay. What we have to keep in mind is that the administration has asked for a bigger Pentagon budget than ever before, and that whether or not this war in Iran continues, that is still their ask. So one way or another, they're looking to put more money into defense spending, and the idea is that that will perhaps trickle down to Minnesota.

NINA MOINI: All right, Shadi. Thank you very much for sharing your reporting with us. We really appreciate your time.

SHADI BUSHRA:Thank you for having me.

NINA MOINI: That was MinnPost data journalist Shadi Bushra.