

# Politics and Defense Capabilities

## Local Interests versus Strategic Imperatives

*Maj Brian R. Davis, USMC*

*The greatest obstacle to modernizing our military forces may be the Congress of the United States.*

—Senator John McCain

The debate over programs within the military budget will only become more intense as the United States struggles to revive a stagnant economy and the military experiences dramatic budget reductions over the next 10 years. However, the current economic environment is unique due to the energized focus on debt-reduction and fiscal responsibility. With both political parties interested in reining in US debt through the Budget Control Act of 2011, discretionary funds will inevitably become the target of deep cuts, leading to austere defense funding in the years ahead. Military planners are now attempting to eliminate all nonessential programs through massive cuts in the postwar budget, shrinking the size of each service branch, and making difficult decisions to abolish future programs, prioritized with resource considerations in mind. However, authorizing measures and the appropriations process provide elected officials the authority to alter Department of Defense (DoD) programs in part or in total. Congress has the power to appropriate funds for programs the individual services may not want or to defund those needing expansion. Congress also has the authority to prohibit the retirement of military platforms, even if they are outdated and costly. In short, the defense committees have the ability to influence long-term national security strategy by modifying the national resources committed to military programs.

Thus, the larger issue threatening US national security is that members of Congress use the military procurement process as an economic stimulus

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for their districts. For Congress, “to support and defend the Constitution” seems to mean stabilizing local economies and creating constituent jobs; while to military personnel charged with protecting the people, it means acquiring specific capabilities for the national defense. But if elected officials are, in fact, more concerned with local economics and constituent jobs, a conflict of interest arises. As a result, the United States must reassess the degree to which politicians may alter the national security roadmap.

Over the years, politicians have defended their adjustments made to military programs in the DoD budget for many reasons, but three recurring themes continue to surface: expanding future markets, national security imperative, or the defense industrial base. All three explanations sound like reasonable arguments, yet during an austere defense environment, each must be viewed with a critical eye. This article assesses the veracity of the three common explanations given for modifying military programs and attempts to determine if Congress is, in fact, sacrificing the long-term strategic capabilities of the nation. First, it presents a greater understanding of the complexities of defining defense requirements, and most importantly, recognizes how those requirements identify material capabilities. Next, it investigates three case studies, each focused on one of the arguments for making alterations to military programs in the defense budget. Finally, it presents recommendations for improvement, borrowing from successful practices in other contexts and other countries.

Ultimately, Americans need to know if their security is being sacrificed to parochial or local interests. In that regard, both the services and the Congress have obligations to fulfill. Especially during times of austere defense, Americans need to be reassured that the military identifies and obtains the war-fighting capabilities required to safeguard their freedom.

## **From Strategic Guidance to Military Capability**

Before an interpretation of what constitutes national interests and a process to prepare for the national defense can be codified, an overall national strategy must be established. A national strategy allows for a cohesive and comprehensive approach to decision making, planning, and execution at all levels of government. In addition, congressional oversight and budgeting focused in a similar fashion would ensure national

objectives are being met in the best interests of the American people. According to international security specialist and Congressional Research Service contributor Catherine Dale, “In theory, effective national security strategy-making can sharpen priorities and refine approaches; provide a single shared vision for all concerned agencies; clarify the roles and responsibilities of all concerned agencies so that they may more effectively plan and resource; offer a coherent baseline for congressional oversight; and communicate U.S. government intent to key audiences at home and abroad.”<sup>1</sup>

The armed forces are able to determine what equipment is necessary to provide for national security once they understand the responsibilities assigned to them in the broad context of national strategic direction—composed of national security interests, national policies, national priorities, and long-term national strategies. The DoD uses the strategic direction and priorities set forth in strategic documents such as the *National Security Strategy*, *National Defense Strategy*, and *National Military Strategy* to drive the capabilities needed to meet national security objectives. This increases the importance of understanding the strategic narrative within the documents and ensuring capabilities are, in fact, tied to those objectives. The myriad aspects, phases, and stages of military acquisition all incorporate and revolve around national strategic direction. These core strategic documents, created by the nation’s civilian and military leadership, drive military procurement. The DoD conducts a capabilities-based assessment (CBA) analyzing military capabilities and gaps in capabilities against those required to execute the missions laid forth in the strategic guidance documents. The Joint Requirements Oversight Council (JROC) identifies and prioritizes all war-fighting requirements and validates the capabilities required to perform specific missions and close gaps in capabilities. The DoD also develops the budget for all material capabilities and provides the most effective mix of forces, equipment, manpower, and support attainable within fiscal constraints. The process aligns the appropriate resources to the prioritized capabilities based on the overarching strategy. This is done by balancing the requested war-fighting capabilities with risk, affordability, and effectiveness.<sup>2</sup>

A capabilities approach decreases the number of weapon systems being duplicated when multiple branches independently identify similar threats. By focusing on required capabilities and capability gaps across

services, the collaborative effort increases the number of systems developed jointly among the services.<sup>3</sup> Conversely, if the requirements are altered and specific capabilities are not developed in this new system, a significant gap could potentially develop and leave the United States vulnerable.

The acquisition process involves tens of thousands of individuals making tens of thousands of decisions. This deliberately complicated and extraordinarily structured process ensures the capabilities being pursued by the DoD are, in fact, meeting the needs of national security. Hundreds of potential programs are compared against each other and either supported to fruition or eliminated based on priorities and available resources. The lengthy process contains many layers of validation and quality control to ensure the most efficient and effective capabilities are being generated. This system is inherently guided by checks and balances along the way which eliminates the alteration of a final product by any single individual.

The systematic process of military acquisition may occasionally come under fire for different reasons, but it is rarely criticized for ignoring the security needs of the United States. The thousands of decisions made throughout the journey act as filters to ensure national objectives remain the focus, that waste and excess are eliminated, and ultimately, the military obtains the most affordable weapon systems needed to safeguard national security. This is not to say that episodes of the services supporting small amounts of wasteful spending on projects that could be viewed as parochial do not exist; only that the vetting process for military programs is deep and laborious. Military programs must first survive the arduous procurement process; some would say a feat within itself. The process is designed to eliminate service parochialism. After the DoD approves and requests funding for the program, it then must survive the executive branch's surgical budget scalpel. As a result of this vetting, the military procurement process stands a reasonable chance to adequately identify the required capabilities for the national defense.

The US Congress plays a significant role in the military acquisition process. It creates the very laws the Defense Department is required to follow when attempting to acquire material capabilities. It also has the authority to conduct investigations and is responsible for oversight of all military programs. However, the most important and influential role given to Congress, by far, is budgetary approval. The four relevant congressional committees—the House/Senate Armed Services Committees

(HASC and SASC) and the House/Senate Appropriations Committees (HAC and SAC)—have the authority to eliminate, reduce, restrict, or defund any program deemed parochial and not in the best interest of the nation. Appropriating the necessary funds to execute the required programs is in the hands of Congress—or more accurately stated, in its purse—given its ability to alter recommendations from the DoD and the president. The motives and, more importantly, the long-term impact of these alterations require analysis to ensure they provide the required capabilities for the military to execute its assigned missions.

To avoid any potential confusion, an obvious yet critically important assumption must be made abundantly clear: the military procurement process is, in fact, designed to assess strategic requirements accurately and procure effective military capabilities to provide for the national defense. If, from the analysis, one can logically conclude that congressional adjustments are being made by informed representatives dedicated to national defense, then the system is functioning as designed. But if the alterations are diminishing military capabilities at the expense of some other variable, then the system is flawed. Many political analysts argue this is currently the case, and some of those analysts identify the most influential variable as local politics motivated by economic incentives.

## Recurring Themes for Altering Strategic Choices

*The American Republic will endure until the day Congress discovers that it can bribe the public with the public's money.*

—Alexis de Tocqueville

When used properly, alterations to the budget proposals are not inherently bad, as they are proof of the democratic process in action. They can be an excellent oversight tool to increase efficiency and effectiveness and ensure military material capabilities are prioritized properly in support of the greater national defense—a move essential during austere times. However, if abused, a potential exists for the budgetary system to morph into a government jobs program that may have very little to do with national security interests or national defense and, with declining budgets, produce grave risks.

Because the DoD budget proposal, including procurement programs, has been carefully constructed utilizing national strategic guidance and

prioritized by senior military leadership prior to reaching Congress, legislators should be required to justify their alterations to the public. Most of the budget is at the unclassified level, and with today's technology, live television airs most of the debates, interviews, and committee meetings for public consumption. Politicians draft creative ways to defend their adjustments to the submitted proposals, but there are three recurring themes used to justify the largest of their modifications.

The first explanation used by committee members is that adjustments are necessary to expand future markets for the good of the defense industry. This typically occurs in the form of no-bid contracts, more commonly known as "earmarks," awarded to small businesses. By awarding federal dollars to a small business, Congress is attempting to help a young company break into a market and compete against larger, established corporations. These federal dollars given as no-bid contracts mean the small companies receive the business without competing. The second explanation used to alter procurement programs is that the adjustments are necessary for national security. This normally occurs when congressmen attempt to justify program additions or prevent program cancellations. Typically, elected officials will highlight a shortfall in a critical area that senior military officials failed to account for in their budget requests. This may require the additional purchase of capabilities such as planes, ships, trucks, or tanks not originally requested in the budget. The third common, and now most often used explanation, is that adjustments are necessary to maintain a critical industrial base. This argument focuses on the critical and unique labor skills required to maintain production of a specific weapon platform or to produce the most advanced technologies. It also requires maintaining the infrastructure that produces today's equipment and, finally, investing in the research and development (R&D) laboratories that often empower tomorrow's capabilities. The case studies that follow show that these three explanations rarely have anything to do with expanding defense markets, national security, or the industrial base. Rather, the recurring theme is constituent jobs in a representative's district. In most cases, legislators opt to support local jobs in their district over the greater good of procuring critical military capabilities for national defense.

## Earmarks: Growing the Defense Market

The no-bid contract is a fast, effortless, and politically unchallenged way to add jobs to a district. These so-called earmarks are most often given to third-tier contractors, which are the smallest corporations involved in the procurement process, thus qualifying as “small businesses.” This classification applies to companies that do not have the capital to compete for contracts against larger corporations, hence the federal government removes the barriers of competition to open the market to new companies that may potentially grow into larger suppliers. However, because there is no competition and no selection process, these no-bid contracts, more often than not, reward affiliation between small contractors and political figures.<sup>4</sup>

An example of such local politics at play surfaced in a *Wall Street Journal* article from 2008 accusing Rep. Silvestre Reyes (D-TX) of abusing no-bid contracts. Representative Reyes had an influential seat on the HASC that afforded him unfettered access to the DoD budget and the ability to make significant adjustments to defense programs. According to the article, and confirmed through several other sources, Reyes received \$24,000 for his reelection campaign from a small-business defense contractor named Digital Fusion, Inc. According to its webpage, Digital Fusion is “a wholly owned subsidiary of Kratos Defense & Security Solutions Inc. Founded in 1995, Digital Fusion provides innovative technical solutions in the areas of advanced technology research and development; engineering services; and integration, test, training and analysis support services to a wide variety of government and commercial customers.”<sup>5</sup>

Receiving reelection campaign funds from small businesses is not out of the ordinary in itself. However, just five weeks earlier, Congress had approved the \$461 billion defense spending bill which included a provision inserted by Representative Reyes awarding a \$2.6 million no-bid engineering contract to Digital Fusion’s Texas branch located near Fort Bliss, inside Reyes’s El Paso district. From a skeptic’s point of view, the campaign contribution seemed to be a payment for awarding the lucrative contract—a quid pro quo. As expected, both the congressman and the corporation claim there was no connection between the campaign contributions and the awarding of the contract. They further clarify that there was nothing illegal about their actions, and this type of activity



is commonplace among politicians and defense contractors in today's military industrial complex.<sup>6</sup>

The same *Wall Street Journal* article accuses Digital Fusion of illegally reimbursing company executives who donated to Reyes's campaign fund by issuing them larger-than-expected year-end bonuses. These bonuses presumably matched or exceeded their donations to the congressman's fund. A lawsuit was subsequently filed against the company by its former ethics officer, Elena Crosby, who was fired in 2006 for raising concerns about executives receiving reimbursement for contributions, contract irregularities, and other ethical issues.<sup>7</sup>

This controversial \$2.6 million earmark to Digital Fusion was only one in a series of no-bid contracts awarded to the company through the actions of Congressman Reyes over a four-year span. The firm also received \$1.95 million in 2007, \$2.6 million in 2008, \$2.4 million in 2009, and \$1 million in 2010. The money allocated in all four years comprised add-ons not originally included in the defense budget. Representative Reyes single-handedly added a total of \$7.95 million to the defense budget for a small company that conducts business in his district and happens to make large contributions to his campaign fund.<sup>8</sup>

Digital Fusion is actually an Alabama-based company with most of its business focused on its Huntsville operations. From 2004 to 2008, Digital Fusion contributed \$150,000 to four lawmakers, one of whom was Representative Reyes with ties to Digital Fusion's local affiliate in his El Paso district. The other three were Alabama representatives who also had strong influence over the awarding of no-bid contracts to Digital Fusion.

The first of these was Senator Richard Shelby, who currently presides as the senior Republican member of the SAC and has been on the committee since 1994. As a member of the Appropriations Committee, he had the ability to add earmarks for corporations within his district, including Digital Fusion, which claims to employ 300 workers. According to a *USA Today* article, Senator Shelby has showered his home state with federal dollars for two decades, mostly in defense and aerospace industries.<sup>9</sup>

The second Alabama representative that received Digital Fusion contributions was Cong. Terry Everett, then representing Alabama's 2nd congressional district, home to both Fort Rucker and Maxwell Air Force Base. Representative Everett also was on the HASC for four years, two as chair of the subcommittee on strategic forces. Not only was Digital

Fusion located within his state, it was a subsidiary of Kratos Defense & Security Solutions Inc., which focuses on defense and rocket support services. In 2005, the Subcommittee on Strategic Forces was newly created to place nuclear weapons, intelligence, satellites, and missile defense systems under one subcommittee with an authorizing budget of \$50 billion. This was the subcommittee from which Kratos Defense and Digital Fusion would receive government contracts. The arrangement raises questions about the company's contribution to Representative Everett's campaign chest.

The third Alabama representative to receive campaign contributions from Digital Fusion was Rep. Robert Cramer, who represented the 5th congressional district. The 5th district is in northern Alabama and encompasses Redstone Arsenal—home to the US Army Aviation and Missile Command (AMCOM) and NASA's Marshall Space Flight Center. This district also happens to be where Digital Fusion's headquarters is located. Not surprisingly, Representative Cramer was also a member of the HASC and showed keen interest in space and missile defense programs for his district.

To be absolutely clear, these four elected officials did not break any laws. They were simply operating within the confines of a system created by their predecessors in Washington. This system favors local businesses and their campaign contributions which, legally donated, seem to have considerable influence on elected officials. However, each individual earmark whittles away at the larger strategy for national defense. When viewed collectively, the total dollar amount of earmarks is substantial, while their contribution to national defense is often debatable.

By using the award-winning website [opensecrets.org](http://opensecrets.org) run by the Center for Responsive Politics, a research group that tracks money in US politics and its effects on elections and public policy, concerned citizens can view campaign contributions, earmarks, voting history, and many other facets of political activity. According to Open Secrets, Representative Reyes co-sponsored 21 earmarks in 2009, totaling \$34 million. Of these, 13 were independently sponsored and totaled \$22 million. Of the \$34 million, only \$5.2 million was allocated for projects outside of his district. In total, 85 percent of all earmarks sponsored by Reyes for 2009 went to his district.<sup>10</sup> The year prior, he co-sponsored 25 earmarks totaling \$24 million, and of this amount, only \$2.5 million was dedicated for projects that did not affect his district. In total, the congressman

dedicated 90 percent of his earmarks for contracts that involved his district in 2008.<sup>11</sup>

Oddly enough, during the course of these two years, even with 85–90 percent of his sponsored earmarks totaling \$58 million dedicated to his district, he did not stand out among other representatives. In fact, in 2008 he ranked 188th out of 435 representatives for total dollar amount earmarked. In 2009, there was little change to his standing, as he ranked 143rd.<sup>12</sup> Most representatives spend time finding earmarks to benefit their districts, and a quick analysis of each representative would show Congressman Reyes's 85 percent and 90 percent fall along the average. Earmarks are simply an easy way to create a handful of jobs in one's district by dispersing federal funds that do not require competitive bids, receive little oversight, if any, and supplant higher defense needs.

This example also includes issues involving campaign financing and special-interest groups or lobbyists. These two issues often exacerbate the impact of local politics on the procurement process by creating avenues for representatives to acquire funds and secure jobs in their districts, not for national security reasons, but for political favors and reimbursements.

In the case of Digital Fusion and Representative Reyes, constituent jobs and the local nature of politics superseded his responsibilities as a member of the Armed Services Committee and played a larger role than the greater national defense. When questioned on his use of earmarks, it becomes evident they are a source of pride for him. He willingly pointed out that they are not simply a matter of defense-related issues; they also support “many other important projects for the El Paso community. . . . Each year, I work closely with Fort Bliss leadership, REDCo, and others to determine which appropriations projects are the highest priority. All of these defense appropriations requests are carefully vetted beforehand to ensure they benefit Fort Bliss, other regional military installations, and El Paso.”<sup>13</sup>

If one dissects the representative's statement, his true intentions slowly surface. First, there is no mention of national interests or national security benefits obtained from his additions to the budget. As mentioned, his role as a local representative takes precedence over national responsibilities. Secondly, if in fact Congressman Reyes is deliberating with the Fort Bliss leadership to determine their priority projects, he is in essence undermining the military requirements process discussed earlier. By adjusting the DoD proposal submitted by the president, Reyes is alter-

ing the national strategic priorities in favor of the priorities of a local military installation. The Fort Bliss leadership may have a role to play in the procurement process, but it certainly should not trump what senior military decision makers and the DoD have determined is appropriate for the installation. Thirdly, REDCo is an economic development corporation that provides consultation to businesses and industries relocating or expanding operations in the El Paso region.<sup>14</sup> If Congressman Reyes is in negotiations with REDCo, it is for local economic reasons only, as REDCo is not in the strategic defense industry. Finally, as the congressman stated, his earmarks must benefit the city of El Paso.

This case study presents an example of the average congressional representative who does not abuse the earmark system any more than the next elected official. His redistribution of federal dollars to his district is not out of the ordinary. Prior to defeat by a primary challenger in 2012, Congressman Reyes served for 16 years and was reelected seven times. It would seem his constituents approved of his ability to acquire federal dollars and, more importantly, the jobs they bring with them.

The heart of the problem is that Representative Reyes was asked to execute two very different tasks at two very different levels. First, he was elected by the citizens of the El Paso district to represent them and their interests. He did so by using his political influence to draft, alter, or eliminate policies to better the lives of his constituents at the local level. On the other hand, he was also a member of the HASC, which is responsible for general national defense policies, military operations, DoD organization, military acquisition, and industrial-base continuity. In this second obligation, he was responsible for the approval of billions of dollars toward defense at the national level. In recent years, it has become seemingly impossible for elected officials to keep their local obligations and federal responsibilities separate. As previously mentioned, Congressman Reyes did not violate any laws; he symbolizes the average representative and was simply using the currently accepted system. Unfortunately, the current system favors local economic interests over national military strategic capabilities. In essence, the current military procurement system has, at times, become an economic stimulus program with a decidedly local flavor.

Critics will argue that companies like Digital Fusion no longer have preferential treatment from local politicians because of the new earmark moratorium. When the number of earmarks hit 15,000 in 2005 and

involved several scandals, the public called for changes, and Congress began to consider reforming the process. Earmark reform began in earnest in 2007 with new transparency rules requiring the names of lawmakers sponsoring the earmark to be included with the legislation.<sup>15</sup> Over the course of the next four years, additional reforms were made, to include the attachment of certification letters accompanying earmarks, but only slight reductions in earmarks occurred. According to the nonpartisan group, Taxpayers for Common Sense, Congress approved 9,499 earmarked projects in 2010 worth \$15.9 billion.<sup>16</sup> The reforms had increased transparency but had not eliminated the wasteful spending.

The high-water mark for earmark reform came in 2011 with the earmark moratorium in both the House and the Senate. Once in control of the House, the Republican leadership imposed an earmark moratorium, essentially banning the use of earmarks from all legislation in that body. Senate Republicans, led by Mitch McConnell—arguably one of the most prolific beneficiaries of the earmark system, amassing almost \$1 billion in earmarks in three years on the Appropriations Committee—followed suit and agreed to a party moratorium, as Democrats still controlled the Senate.<sup>17</sup>

Senate Democrats quickly responded, and on 1 February 2011, Senate Appropriations Committee chair, Daniel K. Inouye (D-HI), announced that the SAC was implementing a two-year earmark moratorium. This seemed to come after some amount of pressure from Republicans in the House, but surprisingly significant presidential pressure as well. The president, in his State of the Union address, challenged lawmakers to eliminate earmarks. “And because the American people deserve to know that special interests aren’t larding up legislation with pet projects, both parties in Congress should know this: if a bill comes to my desk with earmarks inside, I will veto it. I will veto it.”<sup>18</sup> One week after the State of the Union address, Senator Inouye reversed course and banned earmarks, declaring, “The President has stated unequivocally that he will veto any legislation containing earmarks, and the House will not pass any bills that contain them. Given the reality before us, it makes no sense to accept earmark requests that have no chance of being enacted into law.”<sup>19</sup>

With the full support of both the legislative and executive branches of government in favor of eliminating earmarks, reasonable and responsible progress seemed inevitable. This earmark ban could potentially be

the tool Congress needed to allow its members to divorce their local loyalties from their national responsibilities without constituent backlash. However, many nonprofit watchdog groups have shed light on what seems to be nothing more than rhetoric and a reversal of the transparency from the previous years.

According to a report from the Congressional Research Service quoted in a *USA Today* article, as late as 2010, House Republicans were still passing legislation with earmarks. Although some improvements were made to eliminate the least popular spending, hundreds of DoD projects were still being funded by billions of dollars of pork-barrel politics.<sup>20</sup> By the end of November 2011, Citizens Against Government Waste (CAGW) had scrutinized 15 appropriations bills and found 11 of them contained earmarks. Congressmen claimed these bills were free of earmarks, but that assessment seems based on the fact there are no uses of the word *earmark* in the bill and there are no representatives' names attached to "earmarks" as sponsors. This is in line with the current moratorium championed by both parties.

However, projects that are requested by only one chamber of Congress, not specifically authorized, not competitively awarded, not requested by or exceeding the president's requested budget, not subject to congressional hearings in the subcommittee process, or which serve only a local or special-interest group qualify as earmarks. If these stated principles define earmarks, then the 11 bills did, in fact, contain earmarks totaling \$9.5 billion spread over 248 projects. Not surprisingly, about half of the earmarks found in the DoD budget bill—72 costing \$3.9 billion—came from the House, while the Senate added 49 which totaled \$2.9 billion.

According to CAGW columnist Sean Kennedy, members of Congress have now reached the nadir of earmark information transparency. In 2014, earmarks still exist, but congressmen no longer attach their names to them, and these add-on projects are no longer contained in a separate location apart from the text of the bill. In the transparent years, tables were included in appropriation bills that clearly identified earmarks, what they were for, who sponsored them, and the districts they benefited. Now bills must be read line-by-line to identify the projects added by legislators in the deliberation process that were not requested by the administration.<sup>21</sup> Technically no longer called earmarks, these additions no longer require Congress to disclose the details of their origin.

In essence, the earmark moratorium has not eliminated the earmark; it simply gave politicians an ability to make the process more convoluted and less accountable. According to the CAGW, “The supposed lack of earmarks resulted in a completely opaque process. Since earmarks were deemed to be non-existent, there were no names of legislators, no information on where and why the money will be spent, and no list or chart of earmarks in the appropriations bills or reports.”<sup>22</sup> If money is still being funneled to representatives’ districts through earmarks but the transparency has been eliminated, one could conclude the moratorium is not only ineffective but actually counterproductive.

Another tactic legislators use to redirect federal money to their districts is through special slush funds. These special funds are buried in spending and authorization bills that are not labeled as earmarks. In 2011, the HASC created a special fund within the defense authorization bill worth \$1 billion. This fund allowed committee members to add amendments to the bill that would direct money to their districts. According to lawmakers, these were not earmarks because recipients would have to compete for the federal dollars. However, a report by the staff of Senator Claire McCaskill (D-MO) found that 115 of the 225 amendments were former earmarks from previous years. Several of the amendments were entered by incoming freshman representatives who had even campaigned against the use of earmarks. Thankfully, a public outcry ensued, and the bill was stripped of the amendments, but it serves as an example of how politicians will continually find ways to channel money to their districts at the expense of national interests.<sup>23</sup>

The earmark no-bid contract still exists today, even in the framework of a supposed earmark moratorium. Unfortunately, the earmark incentivizes legislators to funnel federal dollars to their districts and states at the expense of national security interests and the greater national defense. David Sorenson, author of *The Process and Politics of Defense Acquisitions*, summarizes this phenomenon in two concepts. First, the ability to generate short-term tangible benefits from acquisitions weighs more heavily than the relatively intangible long-term benefits. Secondly, domestic politics are more significant than international politics in influencing outcomes.<sup>24</sup> This will remain the case until legislators are no longer required to choose between their local loyalties and their federal responsibilities. Americans must understand that this process diverts billions of dollars from national security capabilities and redirects it piecemeal to

hundreds of districts throughout the country with no coherent plan for the greater national good.

## **Defending the Nation with the MIAI**

When Congress authorizes services and programs in the name of national defense that the service branches have not requested and do not need, this adversely affects the long-term strategic capabilities of the military. Although small adjustments to these programs may sometimes reveal themselves as no-bid contracts or earmarks in the budget, the forced buy of major weapon systems has a dramatically more detrimental effect. Earmarks may expand programs and add additional dollars, but adding entire programs and capabilities that services did not want significantly upsets planned force structure and usually comes at the expense of significant cuts to other major programs.

In the 2007 budget, Congress added billions of dollars for a large number of these unwanted programs, but because the total dollar amount allocated to the DoD is fixed, Congress also had to determine which requested programs would not be funded. Against Air Force recommendations, funds for three additional C-17 aircraft costing \$785 million were added to the budget. The congressional delegation from California leveraged enough support to insert funding for these additional airplanes into the budget to preserve 5,500 jobs and the last fixed-wing aircraft production line in southern California, even though the Air Force said it did not need them. That same year, the Navy was forced to accept an additional LPD-17 amphibious landing ship and a T-AKE cargo ship at a cost of \$456 million.<sup>25</sup>

To pay for these additional job-producing materiel additions, Congress cut future programs for the services. The Army took a 25-percent cut on its Future Combat System (FCS). At the time, the FCS was the Army's principal modernization program and intended to equip brigades with networked manned and unmanned vehicles providing a more flexible battlefield capability. This program promised to transform the Army of today into the Army of the future. Continued cuts over the following years eventually led to the program's cancellation. The Navy's littoral combat ship program received a 25-percent cut as well, even though the sea service viewed one of its most critical missions as the ability to access the littorals. This naval capability is even more important in



today's environment and encompasses a large portion of the *National Military Strategy* each year.<sup>26</sup> The Air Force received significant cuts to its airborne laser program, which began a slow reduction during the next several years and ultimately limited the program to a single prototype.<sup>27</sup> Eventually in 2012, after proving it could track and destroy airborne missiles, the sole prototype was sent to the boneyard in Tucson, Arizona, for retirement.<sup>28</sup> Additionally, funds for the Reliable Replacement Warhead were significantly cut, leading to its eventual cancellation in 2009. This program was designed to replace decaying nuclear warheads with more reliable, long-lasting, and sustainable ones.<sup>29</sup>

These programs were not cut because of a lack of requirements, technology, progress, or need, but because they promised only a potential for future jobs, while existing programs, although no longer required by the services, provided current jobs. Therefore, Congress traded potential future jobs and future capabilities for the certainty of current jobs and existing capabilities. Although this phenomenon replays itself in the budget battles every year, the recent battle between Congress and the Army over M1 Abrams tank production is an excellent example that illustrates a Congress willing to erode future capabilities for current jobs under the auspice of national defense.

Army officials have repeatedly said that plans are in place to ensure a fourth-generation Abrams tank is in service until the year 2050.<sup>30</sup> However, conventional wisdom regarding the required number of tanks is shifting as the current operating environment changes and adjustments are made for potential future battlefields. During the last 15 years and two wars, the tank has seen little use, and its utility has plummeted. Due to its flat bottom, the tank is extremely vulnerable to improvised exploding devices (IED), the weapon of choice in the counterinsurgency fight in which the US military has engaged for more than a decade. As a result, the Abrams saw combat only as a modified "pillbox," utilized as nothing more than an extremely high-priced bunker for protecting critical choke points or busy thoroughfares. Retired Army major general Paul Eaton, now with the nonprofit National Security Network, said in an interview, "The M1 is an extraordinary vehicle . . . however, [its] utility in modern counterinsurgency warfare is limited."<sup>31</sup>

Eaton is not the only Army general officer questioning the large quantity of tanks in the Army's future inventory. Army chief of staff GEN Ray Odierno testified before the House Armed Services Committee in early

2012 that the Army had more than enough tanks in the field and wanted to shut down production and halt upgrades for several years. The Army's proposal would have closed down production of the main battle tank from 2013 through 2016. Production would resume in 2017 but on the M1A3, a newer version with advanced technology. This three-year moratorium on tank production and upgrades would have saved taxpayers more than \$3 billion, according to General Odierno.<sup>32</sup> Odierno's meticulous budget proposal considered not only the Army's inventory of more than 5,300 tanks, but also the Marine Corps' more than 400 M1s, in his recommendation to Congress to halt production of the tank. According to his testimony in a February hearing, Chief of Staff Odierno said that if the congressmen prevailed in mandating an increase and update of Army tanks, the Army would be forced to accept "28 tanks that we simply do not need."<sup>33</sup> With 2,300 tanks deployed around the world, the Army still has roughly 3,000 tanks sitting idle in a remote military base in the California desert. If more tanks are produced, they will end up being transferred directly from the assembly line to the storage lot.

These were not flippant comments from the Army chief of staff, but rather calculations tied to the Army's strategy and vision for the future. According to Odierno, warfare has changed, and the large quantity of tanks once necessary is no longer required, because the future tank's utility will not reside in vast numbers and overwhelming formations, but in advanced detection, tracking, and targeting technologies. According to Ashley Givens, the spokesperson for the Army's Program Executive Office for Ground Combat Systems, "The Army can refurbish all 2,384 tanks it needs by the end of 2013. Freezing work after that will allow the Army to focus its limited resources on the development of the next generation Abrams tank" and buy the next-generation tank several years in the future.<sup>34</sup> The deputy director of the Army budget office, Davis Welch, confirmed the Army does not need additional M1A2s because the tank fleet is less than three years old and is the most sophisticated in the world.<sup>35</sup>

If production were temporarily halted, a small tank factory located in Lima, Ohio, operated by General Dynamics Land Systems would be temporarily shut down. As one might expect, General Dynamics rallied support to ensure tank production would continue in the form of additional government contracts in direct opposition to the Army's strategy. Utilizing a well-organized campaign of lobbying and targeted political

donations to members of the four major defense-related congressional committees, General Dynamics focused its efforts to garner support from congressional leaders who had authority over the Army's programs.

Political watchdog groups such as the Center for Public Integrity criticized the donations and questioned their legality due to timing considerations. It noted the funds coincided with the five legislative milestones for the Abrams, including committee hearings, committee votes, and the final round of the defense bill's passage. According to the Center for Responsive Politics, employees of General Dynamics and its political action committee (PAC) have donated \$5.3 million dollars to members of either the House or Senate Armed Services Committee since January of 2001.<sup>36</sup>

A careful review of the donations made by the General Dynamics PAC reveals an average weekly donation to members of the four defense committees of around \$7,000. When President Obama announced his 2011 defense budget plan, the donations soared to a weekly average of \$20,000. The second spike was seen in March when the Army budget hearings were being conducted and donations again reached \$20,000. The first two weeks of May saw a third spike. This time the surge coincided with the HASC vote on the budget bill, which contained continued funding for the Abrams and passed with a 60-to-1 vote. September brought a fourth spike in donations totaling almost \$40,000 coinciding with the finalization of the Senate Appropriations Subcommittee on Defense report and a congressional vote on a stopgap funding bill to keep the government open. The fifth and final spike in donations occurred from 11 through 17 December when Congress voted on the entire budget, and that one week of donations totaled \$17,000.<sup>37</sup> Although General Dynamics claims donations are never tied to critical milestones, the timing of these five spikes in campaign donations suggests otherwise.

Not unexpectedly, the champions of continued funding for the Abrams tank are Rep. Jim Jordan (R-OH) and Senators Rob Portman (R-OH) and Sherrod Brown (D-OH), all three hailing from the Buckeye State where the tank is produced. However, all three officials claim their support for funding continued tank production is not pork-barrel politics but is a general concern for national security. Representative Jordan is on record saying, "The one area where we are supposed to spend taxpayer money is in the defense of the country."<sup>38</sup>

The literal defense of the country from outside attacks is a mission assigned to US Northern Command (USNORTHCOM). Contrary to what Representative Jordan swears, and according to the experts responsible for the defense of the United States, the Abrams tank is not used or required for the actual defense of the country. If the representative was using the term *defense of the country* to mean utilizing the Abrams in global operations abroad, the Army has already successfully demonstrated it has excess capacity for years to come.

According to a 2013 Associated Press article, the Lima plant has very little to do with national security and is more of a case study in how federal dollars affect local communities. The plant is the fifth-largest employer in the town of Lima and employs nearly 700 workers. Even though that figure is already down from nearly 1,100 just a few years ago, Lima mayor David Berger claims the facility is crucial to the local economy: "All of those jobs and their spending activity in the community and the company's spending probably have about a \$100 million impact annually."<sup>39</sup>

Ironically, the tank facility in Lima, Ohio, is actually government owned, which means the federal government owns all the equipment inside the factory as well. Technically, General Dynamics does not own any of the existing infrastructure, only the workers. According to General Dynamics, there are 500 contractors connected to the Lima plant who would also lose various amounts of work, which might result in layoffs.<sup>40</sup>

In a bipartisan letter to Army Secretary John McHugh, 137 congressmen asked the secretary to reconsider the Army's budget proposal and alter it to include the continued production of tanks. In his response, the secretary pointed out that all tanks would be complete with their required upgrades by 2013, and further modernization would not be required until 2016.<sup>41</sup> Congress subsequently added \$255 million in the fiscal year 2012 budget to upgrade 49 M1A2s.<sup>42</sup>

Although, General Odierno and the Army lost the battle to temporarily halt the acquisition of more Abrams tanks during the procurement and budget battles for 2012, it was only the first round of debates. The following year, Odierno once again proposed halting tank production and pleaded with Congress to cease spending dollars on upgrading tanks that have limited utility to the Army. His message remained the same, while tanks will still play a critical role in the future, they will do so in

much smaller numbers, and the Army currently has more than enough as it stands.

However, Congress wanted to spend an additional \$436 million not included in the Army's budget on tanks for the fiscal year. General Odierno told the Associated Press, "If we had our choice, we would use that money in a different way."<sup>43</sup> Because of the automatic budget cuts and decreased spending for the DoD, the Army's sought-after future programs are severely underfunded. Odierno is attempting to reorganize, restructure, and reequip his Army after fighting two major wars, but Congress is standing in his way.

In April of 2012, another bipartisan letter, this time signed by 173 representatives, was sent to then Secretary of Defense Leon Panetta, urging him to support the decision to continue production and upgrades of the Abrams. Interestingly, 25 percent of the representatives who signed the letter were from Ohio, Pennsylvania, or Michigan. These three states would benefit the most from continued tank production, as they are home to suppliers for the Lima tank plant. Additionally, of the 173 signatories, 137 (almost 80 percent) received some amount of campaign contributions from General Dynamics totaling \$2 million. Once again, Congress ignored the Army's plea to cease tank production and upgrades and added \$136 million to the fiscal year 2013 budget for 33 upgrades. These unwanted upgrades came at the expense of aviation programs and the badly needed Battlefield Network program that were subsequently underfunded.<sup>44</sup>

As the new secretary of defense Chuck Hagel entered office, the Abrams standoff entered its third year of debates. Secretary Hagel has taken it upon himself to lead the charge to purge the military of programs that are unnecessary or too expensive in today's age of austere defense. He has attempted to persuade members of Congress to eliminate or scale back pet projects that favor their constituents at the expense of the department. His main concern is that the military does not have enough money to sustain essential operations and training while still procuring the necessary and required equipment. He has sided with the Army on the debate and believes tank production should be halted. As one might have assumed, he is facing fierce resistance from congressional representatives yet again.

On 22 May 2013, 122 members of the House again wrote to Secretary John McHugh to voice their concern over the lack of funds allocated to

tank production in the Army's proposed budget. Sean Kennedy, director of research for Citizens Against Government Waste, weighed in on the debate and encouraged members of Congress to listen to Army officials: "When an institution as risk averse as the Defense Department says they have enough tanks, we can probably believe them."<sup>45</sup> His opinion has been echoed by many others, including Travis Sharp, a fellow at the defense think tank, New American Security: "When a relatively conservative institution like the U.S. military, which does not like to take risks because risks get people killed, says it has enough tanks, I think generally civilians should be inclined to believe them."<sup>46</sup>

After three years of listening to the debate on tank production, President Obama finally weighed in on the conversation. In May, the White House released a statement in response to Abrams earmarks. It stated that the administration "objects to the \$321 million . . . for unneeded upgrades to the M-1 Abrams tank."<sup>47</sup> In June, the HASC earmarked \$168 million for the fiscal year 2014 budget to be allocated to M1 upgrades, bringing the total funding for the year to \$346 million.<sup>48</sup>

What sets this apart from previous examples of congressional politics is the Army's own opposition to the procurement. The Army has digested the strategic guidance dictated to it and concluded that when used on current and future battlefields, tanks in large numbers are no longer required. The bottom line is that current numbers of tanks in the force structure already exceed the needs of the nation. The national defense argument to procure more tanks is false rhetoric. Once again, elected officials are forced to choose between their local obligations and their national responsibilities. This is yet another example of the current system favoring local political and economic interests over national military capabilities and using military procurement as an economic stimulus.

## **The Seawolf Industrial Base**

A third way politicians influence long-term strategic military capabilities is by forcing the services to procure equipment whose war-fighting capability is no longer required but whose production will help sustain the national industrial base. "The industrial base" is an intentionally vague concept used in political discourse to refer to a government's industrial assets that are critical for the production of military equipment. The argument to defend the US industrial base has become more popular in

recent years as new technologies increase the lethality of military hardware while simultaneously lowering the required quantities of hardware necessary to secure those same capabilities. The recent onslaught of defense mergers and the overall reduction in the number of corporations involved in the defense business is further elevating the importance of the industrial base debate. Some have even equated saving the military industrial base to bailing out banks that are “too big to fail” during the Great Recession and the federal rescue of the iconic US automotive industry. However, authenticating the industrial base argument calls for due diligence to ensure it is not hollow and just another tool for politicians to secure local jobs by using federal dollars. An excellent example of military equipment procured through the industrial base argument dates back to the mid 1990s and the debate that started it all, the *Seawolf* submarine and the Electric Boat (EB) shipyard based in Groton, Connecticut.

Electric Boat is a division of the General Dynamics Corporation and builds submarines for the US Navy. In early 1989, the company won a highly sought-after contract for construction of the lead submarine in the new *Seawolf* class that was to replace the *Los Angeles*-class attack submarine. The initial authorization was for \$725 million with an expected price tag of each boat to be roughly \$1 billion dollars. The Navy was originally planning on building a fleet of 29 boats.<sup>49</sup> This submarine was designed purely in response to Russia’s new *Akula*-class submarine, making it a byproduct of the Cold War. It was much quieter and could obtain higher speeds than the *Los Angeles*-class submarine it was to replace. In addition, its eight torpedo tubes made the *Seawolf* an extremely lethal sub hunter.

By the summer and into the fall of 1989, the Soviet Union was in an accelerating downward spiral, and the Cold War was winding down. The dramatic and unexpected Soviet collapse demanded a national reorganization of priorities and reassessment of military spending. On 31 July 1990, with one *Seawolf* already under construction in the shipyard in Groton, the House of Representatives approved a \$284 billion defense bill that included the necessary funding for a second *Seawolf* submarine. However, a study completed by the General Accounting Office recommended postponing procurement of the second *Seawolf* for a year based on the high cost of the program, among other concerns. The Navy, realizing the main capability of the *Seawolf* was no longer required,

wanted to fund production of different ships. If the Navy could get the *Seawolf* program terminated, the smaller but cheaper submarines already in production could conduct every mission the Navy needed. Nonetheless, General Dynamics, Electric Boat, and congressional representatives on the four defense committees from districts affected by cuts to the *Seawolf* program began a nationwide campaign to frame submarine production at EB as a matter of preserving the defense industrial base. Specifically, if submarines were not produced in comparable numbers to previous years, the industrial base would wither away, and a critical national capability would be lost forever. One of the talking points continuously used by Electric Boat advocates was that EB had been the region's largest single employer for almost 40 years and maintained more than 22,000 workers at its two locations in Groton, Connecticut, and Quonset Point, Rhode Island.

By September of that same year, however, the company announced it would be laying off between 920 and 1,150 salaried workers before the end of the year because the Navy was "currently proposing a schedule of [only] three-quarters of a ship per year." Warning of further cuts, the article stated, "If it only gets one *Seawolf* sub contract a year the size of its work force would be cut by 50 percent by the year 2000."<sup>50</sup> The new year brought more uncertainty for Electric Boat, and concerns loomed over the possibility of the second *Seawolf* contract going to its rival and the only other remaining submarine manufacturer, Newport News Shipbuilding, in Virginia. Testifying before a congressional subcommittee in March, EB general manager James Turner warned that if Newport News were awarded the contract in lieu of EB, "The impact of this production break would result in a severe work force reduction. EB will begin cutting its work force later this year and eliminate about 2,500 positions in 1992 if the shipyard doesn't get the contract for the second *Seawolf*."<sup>51</sup>

Important to note, EB's rival, Newport News Shipbuilding, was the largest submarine builder at the time. By all standards, the Tenneco Incorporated-owned company was Virginia's largest private employer and was producing submarines cheaper, mainly due to lower employee wages. If all submarine construction and repair work from Electric Boat was consolidated with the Virginia-based company, billions of dollars could have been saved. By Navy estimates, the savings would total \$1.3 billion while Newport News claimed almost \$10 billion.<sup>52</sup>



The Eastern Connecticut Chamber of Commerce responded with a letter-writing campaign targeting Secretary of Defense Dick Cheney. The letters focused on the economic impacts of decommissioning the submarine base in Groton. The overall impact of the letter-writing campaign may never be known, but Electric Boat won the \$2 billion contract for the second *Seawolf* in May. The final cost of the second *Seawolf* would climb to \$2.5 billion. Despite the new contract and guaranteed future work, the following month EB issued 827 layoff notices, with another 827 to follow before the end of the year, due to the company attempting to cut operating costs. By December, the company had laid off 1,200 workers in 12 months despite the new contract. As of January 1992, EB had started construction on its second *Seawolf* submarine, while it also had nine older-class submarines still in backlog; yet, more dramatic work reductions were in store for the company.<sup>53</sup>

The next year, Secretary Cheney asked Congress to rescind nearly \$3 billion allocated to the *Seawolf* program. Shortly thereafter, the president published his 1993 budget that included \$400 million in cancellation costs and rescinded \$3.4 billion dollars appropriated for the second and third *Seawolf* submarines. It was apparent that the administration intended to cancel the *Seawolf* program entirely and was attempting to recoup some previous financial commitments.<sup>54</sup> President Bush said the Pentagon would save \$17.5 billion out of the \$50 billion proposed cuts through 1997 simply by cancelling the program after the first boat was built.<sup>55</sup> This was on the backside of congressional urging to make deeper cuts in military spending due to the end of the Cold War and no imminent threat on the horizon. However, in a letter to the secretary of defense, six members of the Connecticut congressional delegation, including Senator Christopher J. Dodd, argued, “The eventual cost of this hasty termination would far outweigh any potential, short-term dollar savings.” They went on to argue that terminating the *Seawolf* program would do “incalculable damage” to the nation’s ability to design and build submarines.<sup>56</sup> In February, EB announced its intention of letting between 2,000 and 4,000 employees go because of the revocation of the *Seawolf* program. In April, Roger Tetrault, the shipyard’s general manager, testified before the Senate Armed Services Committee regarding further layoffs. According to Tetrault, EB’s employment level would fall below 7,500 in less than four years without further submarine contracts. General Dynamics Corporation took the argument even further

when it submitted a document to Cong. Samuel Gejdenson's (D-CT) office pleading that without further submarine contracts, the workforce of EB would approach zero by the year 2000.<sup>57</sup> General Dynamics and Electric Boat were arguing their companies' jobs were equivalent to the industrial base. The threats worked, and within a week, the House Appropriations subcommittee restored \$2 billion dollars for the second *Seawolf*, going against Pentagon wishes.<sup>58</sup>

To celebrate the continued funding of a second *Seawolf*, four days later EB issued nearly 1,900 notices to workers that their jobs were to be terminated. It would seem that job security was not associated with additional contracts after all. A more accurate assessment is that job reductions were tied to continued contracts only until they were secured by the company, at which point Electric Boat would let more employees go. Meanwhile, General Dynamics and EB were hailing that the funding secured for the second boat saved the submarine industrial base. The industrial base argument gained momentum among the companies' shareholders and affected congressional representatives in the years to come.

Neil Ruenzel, EB's director of public affairs, claimed the company and the submarine industry were the first to use the defense industrial base argument. Because they were so successful in procuring submarines using this argument, other defense industries followed suit, making the argument a portion of every budget battle since. Ruenzel believed that because nuclear-powered submarines were so specialized, his industry, unlike any others, had to be protected. According to Ruenzel, "Their arguments were fiction, ours were true."<sup>59</sup>

To protect the industry, General Dynamics and Electric Boat mounted a two-pronged public relations campaign. First they had to convince congressional representatives, their employees, and the public that jobs would be preserved if funding for additional projects could be secured. Second, they had to convince policymakers that during low production times, maintaining the workforce must be a priority so that the acquired knowledge, expertise, and resources of the industry would not be lost. However, saving jobs and preserving the industrial base were never the real goals of General Dynamics. The real issue was how to turn their Electric Boat shipyard into a profitable division in the post-Cold War environment saturated with attack submarines while simultaneously downsizing. To do this, General Dynamics needed the *Seawolf* contracts. It leveraged public opinion and legislators to foster support

for an emotional argument. To compete with Newport News, it needed government contracts, and the industrial base argument secured those required funds.

As a jobs program, the *Seawolf* experiment was neither efficient nor cost effective. The cost of the third *Seawolf* was \$3.7 billion dollars and was estimated to have saved 5,000 jobs for three years. Simple math reveals the cost of the boat equates to \$240,000 per worker per year,<sup>60</sup> a figure more than seven times the national average wage for the time.<sup>61</sup>

Excluded from the debate was the rising profit margin of the company while massive layoffs loomed at the shipyard. In 1996, *Forbes* listed General Dynamics as the leading company in the aerospace and defense industry over the past five years based on return on investment. That year, General Dynamics listed a 38-percent average rate of return, while over the same period it laid off almost 11,000 workers in the Electric Boat Division.<sup>62</sup> This corporate-wide downsizing benefited the company's officers and stockholders. As long as the company could continue to downsize while arguing for the survival of the industrial base to secure government contracts, a few well-positioned people were making lots of money being supported by an even fewer number of political representatives in critical positions to ensure the contracts continued to flow.

The *Seawolf*-class submarine case has shed light on the industrial base debate. Before one categorizes an industry as a vital industrial base, two questions must be asked. First, is the capability being produced uniquely for the national defense? Second, will a company exit the defense sector or go out of business? Only if the answer to both of these questions is yes may one argue that the capability is vital to the national industrial base. However, the *Seawolf* fits neither of these categories.

First, a supersized sub hunter was no longer needed after the collapse of the Soviet Union. There were dozens of *Los Angeles*-class attack submarines adequately prepared to assume the roles of attack subs for the Navy in the early 1990s that were more technically advanced than any capability possessed by potential enemies. Second, according to a RAND study, Electric Boat did not meet the criteria to be labeled as part of the industrial base that needed to be preserved.<sup>63</sup> Additionally, there were shipyards still in existence that were arguably better suited to produce submarines for the Navy. Although a third submarine was produced for \$3.7 billion, one must question its true worth to US taxpayers. The defense industrial base argument was used to procure

military capabilities, and once again, the military procurement process was exploited as an economic stimulus.

## **Improving Strategic Choices for Military Capabilities**

US politicians may genuinely want to do what is best for the districts they represent and for the nation they are elected to serve. Even if the United States were not experiencing an austere defense environment, under current policies, laws, and constitutional structure, it is impossible for them to accomplish both responsibilities simultaneously. To ensure local interests of voting districts are represented while still preserving the greater good of national defense, the United States must divorce the local and national responsibilities of our elected officials without changing the important dynamics of democracy and free market capitalism. The task sounds daunting, but solutions do exist including impoundment, revived arsenals and shipyards, and perhaps the French “responsible” concept.

### **Presidential Impoundment**

One simple solution to counter the pork-barrel politics is to revive presidential impoundment, a tool used by the executive branch to enforce fiscal responsibility and restraint. This was a simple way for the president to delay or refuse to spend money appropriated by Congress. The process is neither unconstitutional nor un-American. In fact, the process is almost as old as the country itself. The third US president, Thomas Jefferson, established the precedent in 1803, when he suspended the purchase of 15 gunboats. After France acquired the Louisiana Territory from Spain and closed the port of New Orleans to US commerce, Congress appropriated \$50,000 to purchase the warships. However, two months later, France agreed to sell its newly acquired territory to the United States, thereby eliminating the need for the ships. The president used his authority of impoundment to cancel the production of military equipment based on his assessment of the strategic situation; and in his opinion, the gunboats were no longer necessary.<sup>64</sup>

For the next 170 years, US presidents exercised their authority to execute impoundment of national funds, mostly for trimming excessive military programs they deemed unnecessary. As reported in a *Joint Force Quarterly* article, “Harry Truman refused to spend \$735 million to increase the Air Force from 48 to 58 groups. Dwight Eisenhower set aside

\$137 million for the Nike-Zeus missile system. And John Kennedy, on the advice of Secretary of Defense Robert McNamara, withheld \$180 million to end the XB-70 Valkyrie bomber program.” The champion of presidential impoundment, however, was Richard Nixon. Between 1969 and 1972, he held back almost 20 percent of controllable expenditures. In 1973, in an attempt to control inflation caused by exorbitant government spending in support of the war in Vietnam, he impounded \$15 billion affecting more than 100 government programs.<sup>65</sup>

In response, Congress passed the Congressional Budget and Impoundment Control Act (CBICA) of 1974 requiring the executive branch to spend every dollar Congress saw fit to appropriate. President Ford, in an attempt to work with a hostile Congress, elected not to fight the act in the Supreme Court, and CBICA was the law for 22 years until some lawmakers, including Senator John McCain, realized it contributed to exploding deficits. Therefore, Congress enacted the Line Item Veto Act in 1996, giving the president the authority to veto individual items in appropriations bills, but Congress retained the right to override the veto with a two-thirds vote from both houses. President Clinton enacted his right to use the line-item veto 82 times before the Supreme Court ruled the Line Item Veto Act unconstitutional the following year.<sup>66</sup>

While reinstating the unconstitutional line-item veto may be unjustifiable, bringing back the president’s ability to impound federal dollars is not. By eliminating the CBICA, the president would have the ability to rein in a congressional body that is unwilling to rein in itself. This would still allow congressional representatives to advocate for local constituent jobs through earmarks, garnering them appropriate recognition from their district, while allowing the president to trim unnecessary programs for the greater national good. This simple solution would help to divorce the local and national levels of responsibilities required of US policy-makers while still reserving national resources for strategic defense.

### **Arsenals and Shipyards**

In an age where technology has increased the lethality of defense capabilities to the point where mass production is no longer required, fewer businesses are interested in the defense market. Yet the United States needs to maintain an industrial base that has technically matured through continuous R&D while only producing small quantities of products. Most importantly, it needs to do so in an economical fashion.

These prerequisites do not exactly fit the model for a capitalistic, free-market enterprise. Therefore, Americans are left with an inefficient and expensive industrial base, easily leveraged by congressional representatives as a simple way to direct federal dollars to their districts to prop up local economies. However, this was not always the case—alternatives exist.

In 1794, Congress granted Pres. George Washington the authority to establish national arsenals to supply the Army with US-made weapons. The United States, from its very beginning, followed the policy of assigning the responsibility for military supply to the Navy shipyards and the Ordnance Department of the Army.<sup>67</sup> The Army arsenals were under the command of a government agency, the Ordnance Department of the Army, run by military officers. Similarly, the Department of the Navy operated and controlled the Navy's shipyards. Even though the Ordnance Department was tasked with both designing and producing weaponry, this did not prohibit private corporations from becoming involved in the defense market. Entrepreneurs and commercial companies would bring new models and ideas to the department for testing and evaluation in exchange for payment or future contracts. Production-worthy prototypes were adapted for military use, standardized for manufacture, and produced at the arsenals, or in some cases civilian production lines, although always under the supervision of Ordnance Department officers.<sup>68</sup> During conflicts, however, the Ordnance Department would augment arsenal production with civilian-contractor production to meet demands for a temporary "surge" capacity. The budget would temporarily spike only long enough to support the war.

But the Cold War changed the defense industry in dramatic fashion. The pattern up to that point had been long periods of peace with minuscule defense budgets supported by federal arsenals and shipyards. The Cold War was different in the sense that it lasted decades and brought with it more defense dollars than ever previously seen. This steady-state budget kept defense contractors in the market after wars instead of returning to civilian markets as they had done prior to the Cold War environment. As defense firms gained political influence, the Pentagon began to close arsenals instead of canceling contracts with private businesses during lulls in production.<sup>69</sup>

With only a few arsenals still in production, the military has become completely reliant on defense firms to supply capabilities for the national defense. The United States has almost always had an edge in the most

advanced military technology. Private companies, however, are not willing to dedicate resources to research and development unless guaranteed contracts and production of large quantities of their weapon systems. The Defense Department has little choice but to commit large portions of its budget to the expensive multi-billion-dollar contract programs. When arsenals were still being used, technical workforces were paid and maintained, but production could be dramatically cut or even shut down all together. This extremely expensive way of operating the defense industrial base is what was referred to as “America’s defense-industry burden.”<sup>70</sup>

According to defense industry experts Eugene Gholz and Harvey Sapolsky, the defense business is no longer a private-enterprise activity, even when the infrastructure is owned and operated by private firms. Congressional members are the only market for the defense industry today, and they are concerned only with district-level economics. Congress buys weapons in response to influence and lobbying from defense companies, which allows unnecessary production facilities to be sustained with constituent jobs. In the words of Gholz and Sapolsky, “Defense has become a jobs program.”<sup>71</sup>

The benefits once available from opening the defense industry to commercial companies disappear quickly as enterprises based on capitalistic free-market trade models compete for a single employer, the federal government. Perhaps it is time for the federal government to assess whether a private defense company warrants billions of dollars in profit each year when supported only by federal contracts. Arguably, a better use of taxpayer dollars is having an arsenal produce the same high-quality product but without the mandate for such a high rate of return on investment.

Advocating a resurgence of military arsenals draws criticism from corporate lobbyists who argue arsenals would stifle competition, creativity, and innovation and thereby damage long-term national defense potential. According to Gholz and Sapolsky, however, the United States could build a public arsenal system while still utilizing private defense firms to innovate. Instead of awarding lucrative production contracts to private firms, the government should focus federal dollars on “technological experimentation that is financially worthwhile for private firms.”<sup>72</sup> The public arsenals would simply produce what the innovative private firms designed. The free-market model has emphasized production over R&D when, in fact, the inverse is more important. Research and development and prototyping should be continuous, while production should

be conducted only when re-outfitting military capabilities is necessary. Gholz and Sapolsky envision public arsenals, with government-owned infrastructure, remaining in low-rate or no-rate production until needed, while private firms continuously develop tomorrow's technologies to retain a technological edge on the battlefield.<sup>73</sup>

The nation needs to retain an ability to advance technology through R&D while simultaneously halting the production of obsolete capabilities. With industrial mass production a thing of the past and small-scale yet highly technical capabilities the way of the future, supporting a handful of companies with billions of dollars in profit is irresponsible. It is time the arsenals were put back to work producing the needed capabilities to defend the nation and its interests abroad.

### **The French “Responsible Principle”**

The conclusion of the Cold War had the same effect on France's defense budget as it has had on that of the US Department of Defense. Between 1990 and 1997, the French authorized procurement budget decreased by more than 20 percent, from 116 billion francs to less than 89 billion francs. While trying to adjust to the rapidly shrinking budget, the French Defense Force Ministry was forced to determine why weapons had become so expensive in the first place.<sup>74</sup>

After detailed analysis, the French found too many public agencies were affecting the design and development of their desired weapons. To eliminate the meddling, improve efficiencies in the procurement process, and reduce costs, the Ministry of Defense created a single executive agency responsible for contracting and managing all weapons programs. The Ministry of Defense named the new agency the *Délégation Générale pour l'Armement* (DGA). Management oversight from DGA officials would begin at program inception and remain until product delivery. The head of the newly created agency reports directly to the defense minister and is ranked above every military officer, offering the position tremendous prestige within the French government.<sup>75</sup> This monumental restructuring has streamlined the French acquisition process.

The second reason French weapons had become so expensive was because private companies were able to overcharge the government for their services. The information asymmetry between the public and private sectors had become large and unbalanced. All the technical knowledge regarding building weapons resided in private firms, and those companies,



motivated by revenues, could afford to pay French scientists and engineers more than the national government. To reduce the information asymmetry, the DGA set out to hire the nation's best and brightest scientists and engineers. Now the DGA prides itself on the technical knowledge every member brings to the acquisition process regarding weapon systems. Additionally, assigning program managers to positions for many years increased continuity, bringing many further benefits.<sup>76</sup>

The DGA altered the way the government conducted business with private firms through better technical understanding and better cost estimates derived upfront. It conducted precontractual negotiations in the development phase of a new program to identify possible shortfalls earlier. The agency also switched to fixed-price contracting, requiring firms to make final bids on the finished product. In theory, the firms assumed all risk associated with cost overruns that might potentially occur. A twist added into their version of fixed-price contracting stipulated that if the government modified the requirements, it paid for the overruns. The French call this fixed-price contracting concept the "responsible principle."<sup>77</sup>

Finally, the French realized that the National Assembly, their equivalent of Congress, could arbitrarily increase weapon costs through pork-barrel politics and funding high-priced contractors from their specific regions throughout the country. In attempting to eliminate program intervention by officials, the Assembly adopted an all-or-nothing approach to the military budget. Now under French law, the Assembly can vote only thumbs up or down on the military budget as a whole.<sup>78</sup>

The United States suffers high costs and inefficiencies in its military procurement for the same reasons as the French. Although a restructuring of the US acquisition process may be a long way off, small changes available today would produce some of the same successful results.

First, the Defense Department should target the nation's very best engineering students. The United States has some of the world's best technical schools, and it hired the best minds in the world when it committed to landing on the moon. This paved the way for the creation of the prestigious National Aeronautics and Space Administration (NASA). Perhaps it is time for the United States to commit once again to a prestigious agency. The Defense Advanced Research Projects Agency (DARPA) may provide a modern-day NASA model that could be used to recruit the best scientists and engineers in the nation.<sup>79</sup>

A second simple solution would be to switch contract types for dealing with the private industry. President Obama has shown enthusiasm for changing to fixed-price contracts. France's "responsibility principle" could work for the US military-industrial complex, and it could be a great opportunity to pursue.<sup>80</sup>

Finally, members of Congress need to divorce their loyalties to their local districts from their responsibilities to the nation. The up-or-down vote has worked for the French Assembly and has worked for US politicians in the past. When Congress realized constituent votes had paralyzed its ability to close even a single unneeded military base, it enacted the Base Realignment and Closure (BRAC) process. Members of Congress voted on the entire package and were not allowed to adjust the bill base-by-base. In similar fashion, Congress can only vote up or down on a proposed foreign trade bill. The French up-or-down vote provides another solution for US policymakers to improve the long-term strategic capabilities of the military procurement system.<sup>81</sup>

The military procurement process is far from perfect, and acquiring new military hardware is difficult in today's austere defense environment. The price of technology has skyrocketed, and there are only a handful of contractors in the defense industry. The process itself contains complicated joint requirements, lengthy planning methods and procurement cycles, and involves thousands of decision makers. It is designed to expunge service parochialism from the process through its joint nature and arduous vetting process. It seeks to eliminate wasteful military spending on nonessential capabilities and allows the process to concentrate on identifying the military material capabilities that are necessary to secure national interests and defend national security. Once these requirements have been identified by senior military leaders and requested in the federal budget by the executive office, only an issue of critical national importance should be allowed to alter those needs. Although there may well be legitimate reasons for legislators to favor local constituencies, their primary concern should be providing the DoD with the necessary capabilities required to execute critical national defense missions.

The three main reasons Congress gives for altering federal programs are to expand future markets, to provide for national security, or to strengthen the defense industrial base. However, in each of the three case studies explored here, these claims were found to be hollow. The

recurring theme in each example is that constituent jobs and local investment are considered more important than any other factor. These issues directly threaten the ability of the armed forces to protect national interests and provide security. In times of austere defense, can we afford or should we tolerate them?

Since members of Congress are elected by their constituencies, their loyalty to the voters usually supersedes their federal responsibilities. Therefore, significant national strategic capabilities are impacted in many adverse ways. With 535 members of the House and Senate, each attempting to funnel money to his or her district or state, the collective amount of dollars stripped from crucial military programs adds up, culminating in critical programs going underfunded, or worse, altogether unfunded. Additionally, an individualistic approach to funding military programs through 435 different districts and all 50 states provides for a disorganized and chaotic industrial base which is less capable of supporting the well-conceived, long-term national military strategy.

Whether the United States reinstates presidential impoundment, revitalizes federal arsenals, adopts the French “responsible principle,” or embraces other variations, change is needed. The military strategy and procurement process adequately identifies required capabilities for defending the nation, but congressional politics too often prohibit the acquisition of those capabilities. Elected officials, torn between the pressures to pursue what is best for their districts and their responsibility to protect the greater good of the nation, are failing at the latter. This short-term vision may benefit a few individuals today, but it handicaps the entire nation tomorrow. **SSQ**

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