Cracks in the Impenetrable Wall

Andy Heaslet, Peace Economy Project Coordinator

For decades, The Peace Economy Project has fought against the massive forces of the Military-Industrial-Congressional Complex (MICCC). Despite our efforts, wars have continued and military spending has trended upwards throughout our history, dramatically so for the past eight years. Much of our work has felt as if we were banging our heads against a very dense, firm, and impenetrable wall. With the statement from Defense Secretary Robert Gates on April 6th, though, we found that some crumbs of mortar have fallen out of the MICCC wall.

These mortar crumbs are not the massive hunks we saw dismantled with the fall of the Berlin wall. These are like flakes that Andy Dufresne found, inspiring his escape in the movie Shawshank Redemption. These crumbs represent that progress can be and has been made. They illustrate that with the right tools (our heads might not be the best instruments) this wall can be altered and, perhaps, brought down.

This is a cautious optimism, though. It must be explicitly made clear that, despite some radical cuts, the Defense Budget is increasing by $21 Billion. PEP Board member, Charles Kindleberger takes a look at some of the positive cuts outlined in Gates’ address on page __ of this newsletter. Also within these pages are INSIDE:

Cracks in the Impenetrable Wall - Page 1
William Hartung’s Testimony: 6 Weapon System Recommendations for the Future - Page 2
Positives Signs from Gates - Page 6
The PMA Story - Page 7

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programs we initiate, adequately staff the government acquisition team, and provide disciplined and constant oversight."

I am extremely curious to see how this oversight will be implemented and enforced. The Government Accountability Office (GAO) already does a rather effective job of monitoring waste and corruption, but rarely do changes occur as a result of these observations. Just because there are more eyes watching doesn’t necessarily mean that anything will change. Again, though, the principle of the statement is very positive.

"Some will say I am too focused on the wars we are in and not enough on future threats. The allocation of dollars in this budget definitely belies that claim. But, it is important to remember that every defense dollar spent goes toward a remote or diminishing risk— or, in effect, to "run up the score" in a capability where the United States is already dominant—it is a dollar not available to take care of our people. That is why the losses we win the wars we are in, and improve capabilities in areas where we are underinvested and potentially vulnerable. That is a risk I will not take."

This is both troubling and encouraging. Gates clearly recognizes the military funding cuts are infinite and thus what is allocated should be managed responsibly. While saying this though, he asserts that he is willing to spend; indeed, despite the cuts mentioned elsewhere in the speech, his budget still represents an increase funding priorities. This address, though, gives the feeling that Obama and Gates are applying a tourniquet to the defense budget, which has been hemorrhaging money for years. Serious attention needs to be given to the gaping wound caused by the Bush administration and decades of neglect; Gates’ words suggest that such attention is on the way.

The wall we have been banging our heads against remains. Gates’ words reveal where the cracks for us to focus on lie. We must support and see through the cuts he has recommended. What does this accountable spending change? Gates has pledged to implement regarding the procurement process. And continue to point out areas of waste and corruption. As these cracks become more evident, our government can reduce the waste and corruption, but rarely do changes occur that could be cut or wasteful military item.

Every single one of these proposed program cuts has been the subject of critique from The Peace Economy Project over the years and we applaud Secretary Gates’ willingness to consider and make such difficult decisions.

Although our spirits are raised by parts of Gates’ speech, his budget still represents an increase in military spending. The statement will be released on Earth Day, April 22, 2009. To sign-up for the PEP E-Zine, please e-mail us at info@peaceeconomyproject.org. Feel free to refer your friends!

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**PEP believes that there are ample important reasons for the proposed changes. In fact many of us think that there should be considerably more cut backs. We concur that the economic state of the nation complicates the situation with so many jobs tied into these wasteful weapons. Yet to us it is obvious that this nation cannot afford every weapons system desired by senior military officers, defense contractors and congress. The equipment we use and procure should be geared to the kinds of war we are in and the real threats we face, far more than weapons suitable to the cold war of the past, or some theoretical, massive war in the future.**

Although our spirits are raised by parts of Gates’ announcements, PEP remains concerned that the President wants a 3-4% increase in the FY 2010 Pentagon budget to $534 billion. We are initially impressed by his 10-year proposed budget that reportedly envisons a decrease in defense spending from 20 percent of the total budget in 2008 to 14 percent in 2016. We welcome the President’s bold recommendations in the areas of Health, Education, Energy and Climate Change. Collectively these recommendations sound like a serious move towards a peace economy.

**Congressional Ethics and Earmarks Again – The PMA Story.**

We have all been angry at AIG lately; how about PMA? Paul Magliochetti, CEO of the PMA Group recently announced that he was closing his firm after being raided by the FBI. A former staffer for Congressman John Murtha, Magliochetti has not said much, but here is what we do know: Paul Magliochetti, CEO of the PMA Group was recently accused of arranging for hundreds of millions of dollars in earmarks to be allocated to congresspersons wanted to help employees working on the C-17, they would find new programs for them to work on rather than trying to defend the inevitable death of this program on a year-by-year basis.

- VH-71 Presidential Helicopter. The much-publicized program that would buy 26 helicopters for $13 billion is recommended for cancellation due to doubling in price and being six years behind schedule. Senator John McCain will be pleased with this news for more reasons than one.
- A.B.L. and M.K.V. Missiles. A prototype for an Airborne Laser that destroys enemy missiles from a modified Boeing 747, and a Multi Kill Vehicle for destroying enemy missiles with multiple warheads would be cancelled.
- Future Combat Systems. This massive $160 billion effort to monitor and electronically tie together soldiers, weapons and transportation vehicles has been scaled back. Some vehicles in this Boeing run program would be cancelled.
- Transformational Satellite. This advanced 5- satellite program would be cancelled, but replaced by the acquisition of several existing satellites and acquisition from commercial satellite service providers.

Earmarks are in, and improve capabilities in areas where we are underinvested and potentially vulnerable. That is a risk I will not take."

The call to Action means more bodies within the active-duty force and winning the wars we are in. To sign-up for the PEP E-Zine, please e-mail us at info@peaceeconomyproject.org. Feel free to refer your friends!

To sign-up (and donate) to the 2009 PEP Up Congress Signature Ad for Peace, log on to www.PEUp.com or go to page 2 of this newsletter.
Positive Signs from Secretary of Defense Gates

Tough Decisions for the Obama Administration: Busy times for Lobbyists

Charles Kindleberger
PEP Board Member

It is time for members and friends of the Peace Economy Project to stand up and take action. We know the battle was coming. Defense Secretary Gates has, at least verbally, indicated that the “spigot of defense spending” is closing, and the 10-year budget put out in February by the new administration recommended an essentially flat budget in the coming years. Following nearly a decade of constant increases, stopping that momentum feels like a good start towards a more sustainable defense infrastructure.

In early April, Secretary Gates set forth particulars for the FY 2010 budget, set to go into effect in October. Needless to say, many congressmen, defense companies and members of the military are not happy. There will be lots of push back. The PEP community must stay up on these changes that this request represents and continue to pressure for further positive actions like these.

Here is quick summary of Gates’ hit list, with a particular focus on Boeing and the St Louis region:

- F-22 Raptor. Only four more of this terribly expensive plane would be funded, with production ending in 2011 at 187 planes. Originally there were to be 650. Predictably, given that 44 states participate in building some piece of the F-22, congress is outraged. Many claim that 95,000 jobs will be lost and the national security endangered, unwilling to admit that the these employment figures are inflated and exaggerated, the plane is not affordable, and it is currently ready to fly only 62 percent of the time. Boeing reportedly subcontracted for about one third of the F-22 business.

- F/A-18 Super Hornet. The added emphasis given to the continued developing F-35, Joint Strike Fighter, signals the winding down of F/A-18 Super Hornet sales to the US Navy. Boeing will still produce both the F/A-18 and the E/A-18 Growler, although foreign security spending are over. We can’t afford to simultaneously fund Cold War era weapons, and equipment designed for use in current conflicts, and sophisticated systems destined to address distant threats that may or may not emerge decades down the road. Continuing to do so will have significant negative consequences on our ability to train, equip, and sustain forces designed to address the immediate threats posed by terrorism and other forms of irregular warfare.

Secretary of Defense Robert Gates has acknowledged the need to make choices within the military budget. He has suggested that we should not place more emphasis on the Cold War era weapons systems designed for current conflicts and the potential conflicts of the future. President Obama reinforced this point in his recent address to Congress when he said that we need to “reform our defense budget, so that we’re not paying for Cold War-era weapons systems we don’t use.”

The tendency to buy virtually everything the Department of Defense asks for without scrutinizing the merits of the requests, as demonstrated by the Bush administration, is evidenced by the fact that the Pentagon’s core budget has risen rapidly, even though it plays no role in funding the wars in Iraq and Afghanistan. Up until now these conflicts have been financed by separate emergency appropriations.

The Pentagon’s baseline budget rose by 82% between FY 2002 and FY 2009, after adjusting for inflation. Add to that the costs of the wars, and we are now spending more in real terms than we have spent at any time since World War II. In light of the current economic crisis and competing social, infrastructure, environmental, and foreign policy demands, these levels of military spending are no longer sustainable.

Thankfully, there are early signs that the Obama administration is prepared to make some real choices. Although the Obama administration has budgeted an increase of about 3% over the Bush administration’s Pentagon budget for FY 2009, it is $50 billion less than the Pentagon requested. The Pentagon’s number was a “wish list” budget that was designed to test the new president. Would he dare to say no to a request made by the military services and the Department of Defense during wartime? If he did so, wouldn’t he be labeled “soft on defense”?

President Obama did say no to portions of the Pentagon’s wish list, and thus far he has paid no political price for doing so. Aside from articles by a few conservative commentators, there has been no suggestion that imposing some fiscal discipline on the Pentagon undermines our national security.

A second sign that the Pentagon is going to be required to put its budgetary house in order is the administration’s decision to subject war spending to the same level of scrutiny that applies to the regular Department of Defense appropriations, starting with the FY 2010 budget.

Perhaps most importantly of all, the administration has indicated that it will seriously consider deep cuts in or elimination of a number of major weapons on Gates [see Gates’ “shock and awe” cuts and increases]. Doing so will make it easier to accommodate both APPEAL TO PRESIDENT OBAMA AND THE U.S. CONGRESS: CUT MILITARY SPENDING 25% BY 2010

In the spirit of Martin Luther King, Jr.’s work to end poverty, racism, and war, we, the people of the United States, call on the Obama administration and the U.S. Congress to end the U.S. wars and occupations in Iraq and Afghanistan, and to address the economic and environmental crises by cutting military spending by 25% in 2010 and redirecting our tax dollars to housing, health care, education, green jobs, and clean energy.

If this statement speaks to you, log onto www.UnitedForPeace.org/budget and sign on – alternatively, send and email with your contact information to office@peaceeconomy.org and we’ll sign continued from page 5
The F-22 “Raptor”: Designed to engage in air-to-air combat with a Soviet fighter plane that was never built, the F-22 is the most expensive fighter plane ever developed. Counting R&D expenditures, each F-22 costs over $350 million. The marginal cost - the immediate cost of adding one new aircraft to the inventory, not counting R&D costs already incurred - is still $143 million per plane. The Air Force has already purchased 187 F-22s at a cost of over $65 billion.

The F-22 is a plane in search of a mission. In an era in which current adversaries like the Taliban and the Iraqi insurgency have no air force and potential adversaries like Russia and China cannot match the capabilities of current U.S. fighter planes, whatever new capabilities the F-22 may bring with it are not worth the cost.

Over the past few years, it has cost the Pentagon an average of $2 billion per year to purchase about 20 F-22s. Ending the program now would free up $4 billion-plus for other purposes.

The F-35 Joint Strike Fighter: The Joint Strike Fighter was designed to be a versatile, affordable aircraft that would be produced in large quantities for the United States and its key allies. In an effort to simplify logistics and benefit from economies of scale, the design of the plane are being developed for the Army, the Navy, the Marines, and the Air Force. As a next-generation fighter and attack aircraft it will fill a real need, but the Pentagon and the prime contractor should take the time to get the design right before going into full-scale production. Current plans call for the military services to buy over 2,400 F-35s at a total cost of $240 billion, or about $100 million per plane. It is still at the very early testing stage, however. That cost of $100 million has already increased by nearly 20%, even as the number of aircraft to be purchased has decreased by over 400 planes. If current plans are allowed to go forward, the Defense of Defense will buy the first 360 F-35s before full flight testing has occurred, at a cost of $57 billion. Many of these planes will be purchased on cost-plus contracts, which means that for the most part the manufacturer will receive more money for running over budget than it would for coming in on time and on budget. With no incentive to cut costs, further overruns are inevitable.

Rather than rushing the F-35 into production, the Pentagon should slow down purchases of the plane while development and testing proceed. That way any changes that need to be made can be done up front as part of initial production, instead of as expensive retrofits later. Cutting purchases of the F-35 in half relative to the Pentagon’s current procurement schedule would save $3 to $4 billion per year.

The Zumwalt Class Destroyer (DDG-1000): The DDG-1000 has been described as a “multi-mission” destroyer which can engage in combat against enemy ships, fire cruise missiles from long-range, and provide support to ground forces by use its two 155mm cannons. It is a massive ship, displacing 15,000 tons of water, 50% more than any current Navy surface combatant.

Cost is the key variable here. At $5 billion per ship for the first two and an estimated $3.6 billion for every ship thereafter, the DDG-1000 is a luxury that we can’t afford in a time of tightening defense budgets. Its main mission of engaging other combat ships on the high seas was conceived in 1991, just as the Soviet Union was falling apart. With China at most looking to develop a force of surface combatants that can operate on its own, there is no pressing need for a huge, costly destroyer.

As for providing fire support for the Army and Marines, there has to be a cheaper way to launch cruise missiles and put two 155mm cannons in reach of a land battle. This program should be ended at the two ships already authorized, rather than proceeding to the seven ship level that has been discussed. The savings would be $3.6 billion per year over the next five years.

Virginia-class submarine (SSN-774): Similarly to the DDG-1000, the main mission envisioned for this submarine is no longer relevant. In a conventional battle with other combat ships, a submarine of this type can be more effective. In a time of tightening defense budgets, it is an overkill to keep building submarines that need to be retooled to fit the new mission.