



The Pentagon's Fake Austerity

Guest: Winslow Wheeler

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Winslow Wheeler is director of the Straus Military Reform Project at the Project on Government Oversight.

WOODS: I wanted to have you in particular because of this article you have, “The War Against Austerity,” in *The American Conservative* magazine. And this article, the purpose of it, is to overturn the conventional wisdom that there has been an unprecedented period of austerity imposed on the Pentagon. This has made us terribly vulnerable and everybody, all right-thinking people, know that it needs to be reversed. And you go through every aspect of these claims relentlessly in this piece.

I want to start off with the “what austerity?” question. Oftentimes when there’s a complaint about austerity, you look closely, and there really isn’t any austerity. But yet in this case, isn’t it true that the Pentagon budget has been reduced? So don’t they have a case here?

WHEELER: Yes and no. And that’s the core of the whole problem. In 2010 we had a peak in post-World War II spending at something over \$700 billion for the Pentagon. It’s come down to about \$560 billion. It’s a significant reduction. However, if you look at post-World War II spending and adjust for inflation, that’s very important, the \$560 billion that they propose we now spend for 2015 is at the same level as the peak of spending under Ronald Reagan. If you compare current spending, the \$560 billion, to average Cold War spending, that average was \$355 billion. In other words, we’re about \$200 billion above what we spent when we faced a couple of hundred divisions in Europe from the Soviet Union and the Warsaw Pact and a dogmatically communist China and all kinds of much greater problems than we have right now. Poverty is not our problem. Lack of money is not their problem in the Pentagon. The problem is how they are wasting the money, and they are wasting it in huge chunks.

WOODS: I definitely want to talk about that. On this general theme, though, you have in here a chart comparing the U.S. government’s spending on the military with the spending of all the countries, or five countries, that are perceived as being enemies or potential enemies. You’ve got China, Russia, Iran, Syria, and North Korea, and you’ve got them right side-by-side. What do these figures show us?

WHEELER: It's amazing. If you add all of them together in the most recent budget data available from international operations, depending on whose estimate you take for what the so-called bad guys spend, we spend either twice or three times what they spend all added together. Again, money is not our problem. We have huge gobs of it. That's not our problem.

WOODS: And what's interesting is that comparison you just made takes as its base of understanding that \$560 billion is the amount being spent by the U.S., or some figure thereabouts. But as you've shown repeatedly, the real figure of U.S. military spending is actually considerably higher because there's more military-related or defense-related spending than just what you find in the Pentagon budget.

WHEELER: Right. Defense spending is not only in the Pentagon budget. We spend something over \$20 billion in the Department of Energy budget for nuclear weapons. We spend something over \$50 billion in the Department of Homeland Security for anti-terrorism. We spend well over \$100 billion to take care of the problems of past wars in the Department of Veterans Affairs. We have arms aid to Afghanistan, Israel, and a long list of countries, economic assistance for our own national security purposes. And there's other stuff, too. They buried some DOD retirement money in the Department of Treasury, for example, a big chunk: about \$20 billion. Add it all together, and we're talking about almost a trillion dollars in one year. People complain that the estimates for the Chinese defense budget are too low because we don't count what amounts to their Coast Guard and so on and so forth. Well, if you want to play that game, the commensurate figure for the United States is close to a trillion dollars.

WOODS: And yet Barack Obama recently used the word *draconian* to refer to cuts going on at the Pentagon. Now, FOX News told me that Barack Obama is a pinko commie who wants America to be taken over. How could he make a statement like that?

WHEELER: Well, Barack Obama is a coward just like George Bush was and just like Bill Clinton was. They don't want to be accused of being anti-defense, so they get the biggest shovel they can find and heave money over the Treasury wall to the Pentagon. It's politics. It's domestic politics. They want to protect their right flank politically. Democrats don't want to be accused by the Republicans of being anti-defense. So they preemptively capitulate and heave money just like the Republicans do when they beat their breasts pretending they are pro-defense by heaving monies in equally large shovelfuls. Barack Obama is not being stingy with the Pentagon. But he's scared to death of being accused of being stingy with the Pentagon.

WOODS: We certainly could use a Nixon-to-China situation here, you know, where somebody comes in whose credentials on the military no one can question so that he could then say: we need to make cuts. But it doesn't seem like there's any such person on the horizon. Nixon actually did go to China, but I don't see anybody on the horizon who really wants to get in and say, all right, everybody, you all know I have all this military experience. You all know I have a great reputation when it comes to the military. But enough is enough. It's corrupt. It's bankrupting the country, etc. I don't see that person on the horizon. Do you?

WHEELER: Well, I don't entirely agree. Senator Tom Coburn from Oklahoma understood the problem and tried to do a few things. Unfortunately, he's retiring. He's toast. Everybody is looking at John McCain, who's going to be chairman of the Senate Armed Services Committee. It depends on which John McCain we get. If we get the John McCain that exercised some real oversight when the very corrupt Boeing tankers deal was going down, and he put an end to that, and some people went to jail, literally, that would be great. However, that same John McCain also had a Lockheed employee as his chief of staff a few years ago running his Defense Department work. The John McCain we most frequently get talks a lot and talks quite tough, and then nothing happens. So I'm hoping that we get the good John McCain. I'm concerned that we will get the John McCain that more frequently shows up. He's very entertaining, talks tough, and nothing happens.

WOODS: Well, let's talk about what happens when the Pentagon does get a lot of additional money, what we saw during the period from the September 11th attacks up through 2010. There was all kinds of money being shoveled at the Pentagon, all kinds of additional money over and above what it was expecting to get. What did the Pentagon do with it? What did the United States wind up getting from all that money?

WHEELER: It's really counterintuitive. We appropriated over 10 years from 2001 to 2011—we appropriated about a trillion dollars to fight the wars in Iraq and Afghanistan. Let's put that to the side for a moment. We also increased the base Pentagon budget, the non-war part of Pentagon spending, by another trillion dollars. And as a result of that extra trillion dollars from what was planned, we got a Navy and Air Force that was smaller in 2010 than it was in 2001, and the Army grew by a puny two brigade combat teams. That was not a newer, smaller, weapons inventory. It was an older weapons inventory. We also raided the operation and maintenance budget, which is one of the key parts of the Pentagon budget, and reduced training—didn't increase it, reduced it. We literally got for an extra trillion dollars a Defense Department that was smaller, older, and less trained. Now that the money is going south, all that negative stuff is accelerating. Now they are pretending that, oh, if you give us more money again, we'll fix all these problems, because they are complaining about the lack of readiness, the old weapons, and the shrinking inventory. But they have not changed any of their thinking, and it is literally guaranteed if we heave more money at them yet again, business as usual is going to prevail, and all of these negative forces will continue.

WOODS: In this article you don't talk about it, but you have in other pieces: I'd like to ask you to explain to my listeners something that I've talked about here and there, but mainly because I learned about it from you, and that is these strategies known as front-loading and political engineering. Are they still getting away with these? And what are these things?

WHEELER: The front-loading is pretending at the beginning of a weapons system that we'll get this red-hot, super-duper weapons system for a bargain-basement price. And the system says, oh, that's wonderful. Let's support it. Then while that initial funding is going on, they make sure they distribute the spending contracts politically. In other words, all over the 50 states and

congressional districts so that members in Congress are bought and paid for. While that's going on, the program stumbles along and after some period of time after everybody is committed to the program inside the Pentagon and inside Congress, we begin to get some test results, and the test results are that, oh, this system really isn't performing all that great, and oh, by the way, it's going to cost two or three times what we said it was going to cost. A classic example is the F-35 joint strike fighter. In the mid-1990s, the Air Force and Marine Corps were telling us, hey, this is going to be a great airplane. We're going to get it for \$35 million a copy. The current price for the cheapest version of the F-35, the Air Force version, is \$150 million per copy, and we've discovered through the testing process that it's having real problems, and oh, by the way, the performance specifications for this airplane are hugely disappointing. They are very modest even if it performed as advertised. It would be a gigantic disappointment. But everybody is committed to the program because they bought in thanks to the front-loading and thanks to the political engineering of distributing the spending all over the place so everybody gets a piece of the action. These are terms invented by Chuck Spinney, a Pentagon analyst, a brilliant guy. Back in the 1990s, he told us this is going to happen with the F-35, and it did happen, and of course, everybody ignored him.

WOODS: From what I've been able to uncover, it seems like every 15 years or so a blue-ribbon commission is appointed to look into this type of corruption, and they come up with some sternly worded report, and then it goes in the garbage can and things go on as before. It seems like this strategy is so fiendishly clever that it almost defies any attempt at reform. Is there anything plausible that could be done about it?

WHEELER: Well, there's a lot of truth in what you say. Blue-ribbon commissions are typically a device to stem an impulse to reform the Pentagon. All of those experts, the ones who created this problem, study this. They will scratch their heads and come up with some wonderful-sounding ideas. When you scratch the surface of these wonderful-sounding ideas, they have lots of loopholes and waivers and all kinds of games to make sure that what they profess they want to achieve, will never be achieved. So when somebody trots out the idea of we need to have a commission of experts study this, look, even just a casual look at the members of this blue-ribbon commission, and you'll see a long list of people who created the problem in the first place. Why we would want to listen to these people some more, I don't know, but sadly, we often do.

WOODS: Can you tell us who the New Democrats are? I hadn't heard that term, but I have a funny feeling I know what they're saying, and as you say, it's new Democrats repeating old bromides.

WHEELER: Right, these clowns put together themselves, declared themselves New Democrats. They went and asked industry how to reform the Pentagon. The industry told them, and that's their report. It's hilarious. Their recommendations are they don't need these bothersome audits of weapons systems because they create too much red tape. We need to listen to industry more on setting the requirements for our weapons programs so that they can design

whatever they please, not listening to combat history, but rather highly expensive technological fantasies that sound good, but never perform. It goes on. One of the few things I got some joy out of in the elections was the Democrats will be gone running the Senate, for example. I fear, however, the Republicans running things in the Senate is not going to be any different in really meaningful terms. I am hoping somebody will show up who is a little bit more serious about some of these things and does some good oversight and is good at changing words into action. I am hoping we're going to find that person, but I have been watching the system for more than 40 years, and I am beginning to lose my enthusiasm for it.

WOODS: Well, after that election, my thought was: the good news is the Democrats lost, but the bad news is the Republicans won.

WHEELER: Exactly right.

WOODS: I wish I weren't so cynical as I enter middle age here. All right, you've got some proposals for reform. I want to focus in on a couple of them. I don't know what the prospects of reform are, but I do want to know what the existing problems are. You have, for example here, an item "personal accountability." I will read one sentence. "The fundamentally corrupt practice of allowing DoD acquisition managers in and out of uniform to routinely leave DoD and collect money from defense manufacturers and defense-related investment firms and their various associations is a clear indicator of a system in serious moral decay." Can you give us some specific examples of this? Or is there just so many of them that that *is* the system?

WHEELER: Well, it's routine behavior. The kind of example I think is one of the most pernicious and that nobody really talks about. Everybody talks about: isn't it shocking that generals go and work for Lockheed-Martin or invest in firms when they leave the Pentagon. Nobody pays any attention to what happens to congressional staff when they leave Capitol Hill. I worked on Capitol Hill for 30 years, and so I have been watching it. The ethic on the Senate and House Armed Services Committee is that you demonstrate that you're a really quality staffer if you leave Capitol Hill and go work not for industry. The second-types do that, but the really first-rate people go work for the Pentagon. In other words, the operation that you're supposed to be exercising oversight over that is supposed to be separate from you as a congressional operator, you're going to work for them. And, of course, the Pentagon only happens to hire people who in their terms behave themselves and don't have their bosses ask thoroughly unwanted questions and hearings, don't dig into weapons programs and find out what's really going wrong and why it may not be a good idea to just heave more money at this program. Those staffers obviously are not going to get a job offer from the Pentagon, but the ethic on the Senate and House Armed Service Committee is the really good people end up in the Pentagon. Imagine what that does for oversight. It kills it, and that I would say is the worst kind of thing that we pay no attention to.

WOODS: Well, one other thing I want to raise is the issue of financial accountability. To what extent is there any type of audit or any type of oversight of anything going on in the Department of Defense?

WHEELER: Well, again, we're playing games. In 1990, 25 years ago almost, Congress passed a bill to require every federal agency to be able to pass a very simple-level audit. There is one agency that after 25 years still can't comply. It's obviously the Pentagon. The problem in the Pentagon is not that it flunks audits. It can't be audited. You flunk an audit when you track the money and find out it was not spent as intended. The Pentagon isn't that good. We can't track the money in the Pentagon. It would literally be an improvement for the Pentagon to be able to flunk an audit. They have got a plan—it's a third or fourth—they've set out a deadline that just blew their first deadline. In 2014 they're supposed to be able to have what's called a statement of budgetary resources. That means a balanced checkbook, basically. They bailed on that. They are going to pass their new, reduced criterion, which is basically we'll tell you what we can tell you but not anything more than that. And in 2017, they plan to have an audit of stuff, basically, of where is everything. Can we tell you where all of our equipment is, for example. Nowhere in the plan is the idea of routinely auditing major weapons programs let alone routinely auditing major weapons producers. It's a pathetic joke. So even 27 years after the passage in 1990 of the Chief Financial Officers Act, the Pentagon still in a meaningful sense will not be auditable and it will not be audited.

WOODS: Now, I know where people can go if they want to be misled about the Department of Defense, but if they really want to learn the truth about what's going on, where can you direct them?

WHEELER: That's a really good question. I'd have to think about that. I can self-advertise my own stuff.

WOODS: Please, I want you to.

WHEELER: Google the words "Strauss Military Reform Project," and you'll find the materials that we generated over several years. If you also Google the project on government oversight, POGO.org, you'll find a website there also. The best thing I can tell people is read my material, read other websites' materials when you think that they know what they are talking about, and they don't accept money from the contractors or from the Pentagon. That'll eliminate a lot of think-tanks in Washington, D.C. Read the Pentagon's own materials. I think their website has lots of reports in the fine print and the footnotes of a lot of those reports you'll find lots of interesting things. Read government accountability reports—GAO.gov. Sometimes they cut it too much around the edges of really good reports, but lots of those reports are important to read. Get involved, read up, get yourself informed. That's how you can contribute to the debate.

WOODS: Well, as a matter of fact, I've read a little bit of Chuck Spinney, but almost everything I know about this subject I know from reading you. So I do want to urge people to look up the

work of Winslow Wheeler and follow it so that you don't get snookered by people who have a vested interest in snookering you. Thanks so much for your time today. We all appreciate it.