

Merger Mania in the Military-Industrial Complex

Tackling Pentagon Waste Means Battling the Big Weapons Makers and Asking More of Congress

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It's early in the new Congress, but lawmakers are already [hotly debating](#) spending and debt levels. As they do so, they risk losing track of an important issue hiding in plain sight: massive Pentagon waste. At least in theory, combating such excess could offer members of both parties common ground as they start the new budget cycle. But there are many [obstacles](#) to pursuing such a commonsense agenda.

Pentagon waste is a longstanding issue in desperate need of meaningful action. Last November, the Department of Defense once again [failed to pass](#) even a basic audit, as it had several times before. In fact, independent auditors weren't even able to assess the Pentagon's full financial picture because they couldn't gather [all the necessary information](#) to complete an evaluation. In some ways, that should have been devastating, the equivalent of a child receiving an incomplete on an end-of-year report card. No less alarming, the Pentagon [couldn't even account](#) for about 61% of its [\\$3.5 trillion](#) in assets. Yet the last Congress still approved [\\$858 billion](#) in defense programs for fiscal year 2023, a full \$45 billion more than even the Biden administration requested.

Spending levels aside, poor financial management has a serious [negative impact](#) on both service members and taxpayers. Last month, for example, the Government Accountability Office (GAO) revealed that the Pentagon can't account for at least [\\$220 billion](#) worth of its property, including such basics as ammunition, missiles, torpedoes, and their component parts. For its part, Congress (and so the average taxpayer) [doesn't have the faintest idea](#) how much it's spent on weapons or their components distributed to contractors for maintenance and upgrades. Worse, the GAO reports that the \$220 billion in unaccounted-for equipment and parts is "[likely significantly understated](#)."

Such irresponsible financial management also applies to Pentagon weapons purchases, creating another set of problems. The Department of Defense commits staggering numbers of taxpayer dollars to new weapons programs without doing its [due diligence](#), all too often

resulting in dysfunctional systems. The GAO has [reported](#) on this issue for 20 years and yet there's been little discernible change in Pentagon behavior.

There is a better way, though. For example, in its most recent Annual Weapons Systems Assessment Report, the GAO notes that [obtaining](#) basic information at critical points in the weapons-buying process produces better cost and delivery outcomes. In defense-speak, this is called "knowledge-based acquisition." Of course, requiring crucial information about a program before proceeding to its development stage should be a no-brainer. Yet the Pentagon has wasted untold billions of dollars on ill-functioning weaponry like the F-35 combat aircraft by [proceeding to the development stage](#) without faintly adequate information.

And the status quo guarantees future disasters like the F-35. [According to the GAO](#), more than half of the major defense-acquisition programs it reviewed in fiscal year 2022 "did not demonstrate critical technologies in a realistic environment before beginning system development." That's like buying a house without checking whether the water pressure is adequate or the roof leaks — or, in the case of the F-35, a few thousand houses. An independent assessment of that fighter jet in fiscal year 2021 found [more than 800](#) unresolved deficiencies, six of which are so serious that they [may cause death](#) or serious injury to those operating the plane, or critically restrict its capabilities in a combat setting. In the 20 years since the program began, the Pentagon has [yet to approve](#) that deeply deficient, wildly expensive plane for full production. Put another way, it has already spent [nearly \\$200 billion](#) on a system that may never actually be fully ready for combat.

Aside from the fact that the F-35's [engine doesn't work](#), the [main reason](#) the Pentagon hasn't gone full speed ahead on production is that even its manufacturer, Lockheed Martin, can't assess the aircraft's performance. Why? Because the company hasn't finished developing the [simulator required](#) to properly test it. Still, the money keeps flowing and, by current estimates, the program's lifecycle cost will [exceed \\$1.7 trillion](#), making it one of the [most expensive](#) weapon programs in Pentagon history.

Looking Down from the (Capitol) Hilltop

Pentagon waste is, of course, nothing new. Still, the need to trim the fat only grows more urgent as this country faces mounting security challenges ranging from the increasing devastation of climate change to strategic competition with other powers. The war in Ukraine is already [straining](#) the Pentagon's buying system in striking new ways. As the need to get weapons out the door quickly becomes its number one priority, its penchant for wasting taxpayer dollars will undoubtedly only grow worse.

Still, there are reforms that could quickly improve the situation. There's no need for Congress or the Pentagon to reinvent the wheel, since the steps toward making weapons-buying more accountable have been clear for years — as have the roadblocks along the way.

One of the biggest obstacles to reform is that so many lawmakers have vested interests in a hands-off approach to the Pentagon budget. As a [start](#), striking numbers of them have instant conflicts of interest with respect to the defense industry, since they [own stock](#) in major weapons-making firms. Those companies make major [campaign contributions](#) to keep the lawmakers in their camp. [Open Secrets.org](#), a group that tracks money in politics, reported, for instance, that, in the 2020 election cycle, the arms sector contributed [\\$50](#)

[million](#) to political candidates and their committees.

To mask such obvious conflicts of interest and their wasteful consequences, lawmakers generally prefer to change the subject. When the Pentagon budget is threatened with even modest reductions, they routinely trot out tired arguments about how such enormous sums create jobs, jobs, and more jobs. Forget that the data shows education spending produces [more than twice](#) as many jobs, while clean energy and healthcare generate [50% more](#). In short, taxpayers would be far better off if Congress [repurposed](#) significant amounts of Pentagon spending for more productive endeavors.

Beyond long-overdue campaign finance reform and a congressional stock-trading ban, lawmakers have a lot of ground to cover when it comes to making Pentagon spending more accountable. The GAO has clear recommendations for [ways](#) to mitigate the risks and challenges of prospective weapons programs before making investment decisions. It has also [recommended](#) developing significantly better ways of assessing “military readiness” (the fitness of units to engage in combat). Too often, an alleged lack of readiness is used as [another excuse](#) to further pump up the Pentagon budget. The Congressional Research Service has, however, pointed out that Congress doesn’t even have a [standard definition](#) of military readiness, so how can legislators begin to evaluate the real-world impact of the hundreds of billions of dollars they routinely authorize for the Department of Defense?

The bottom line is simple enough: Congress needs to cut the Pentagon budget dramatically. It’s not only outrageously oversized, but some parts of it are genuinely dangerous. Take, for instance, the newest intercontinental ballistic missile (ICBM) now being prepared by Northrop Grumman for a prospective [\\$264 billion](#) over its lifetime. Such missiles will only increase the [risk](#) of an accidental nuclear war because a president will have just minutes to decide whether to launch them in a crisis (and once they’re launched, you can’t take them back).

Unfortunately, lawmakers have proven remarkably unwilling to address the issue of Pentagon waste. Take the chair of the House Defense Appropriations Subcommittee, for example. The new incumbent Ken Calvert (R-CA) recently offered this boilerplate response on the subject:

“Despite various reports on budget numbers, while I support reforms that will yield cost savings in any government program, I do not support cuts to national security that would negatively impact readiness or slow our ability to deliver capability to the warfighter.”

Never mind that Congress can’t assess military readiness, his statement obscures the fact that he undoubtedly intends to press for even higher budgets, while threatening to make the search for “waste” a modest sideshow.

Such an approach, of course, directly benefits politicians like Calvert. After all, he was the [second-highest recipient](#) of defense-industry contributions in Congress between 2021 and 2022 at \$415,850. Only current House Armed Services Committee Chairman Mike Rogers (R-AL) received more. So don’t expect either of them to go after the F-35, despite its cost overruns and dismal performance, or any other major weapons system.

In fact, last December, Rogers [said](#) all too bluntly that his priority this year would be “no cuts whatsoever to defense spending.” In January, he turned around and [told](#) a Defense

News reporter, “We’re going to start meeting right away about what I see as threats and challenges that we’ve got to meet... because we intend to do some cutting. There’s some legacy systems and fat. There’s a lot that can be taken out.” Count on one thing, though, as with Calvert, Rogers’ idea of what can be “taken out” will not include spending on any of the Pentagon’s costliest weapons programs.

Still, these days even retiring some old weapons programs would count as a modest victory in Washington. Rogers and Adam Smith (D-WA), the ranking Democrat on the armed services committee, do [appear to agree](#) on the importance of dumping outmoded systems, so maybe they’ll actually trim a little fat.

Thankfully, there are a number of lawmakers [across the ideological spectrum](#) who are genuinely interested in broader Pentagon spending cuts. While some progressive Democrats press for a smaller Pentagon budget and [refocusing “national security” on people](#), not corporations, a few on the Republican right argue for military cuts with the [debt ceiling](#) in mind. Unfortunately, supporters of such reductions are fighting an uphill battle.

Contractors First, Taxpayers Last

Members of Congress routinely favor major weapons makers over the needs of taxpayers and military personnel. As lawmakers fight for military contracts that will generate revenue in their districts or states, they have become remarkably complicit in the consolidation of the industrial part of the military-industrial complex, which threatens actual [national security](#), in part by [reducing corporate competition](#).

For decades, Congress stood by while weapons companies gobbled each other up through mergers and acquisitions. The result: the five largest contractors — Lockheed Martin, Boeing, Raytheon, General Dynamics, and Northrop Grumman — have, in recent years, split a staggering [\\$150 billion-plus](#) in Pentagon funding annually, often in “sole-source contracts” that virtually guarantee [overcharging](#) and cost overruns.

In 2015, for instance, Lockheed Martin, the world’s largest weapons manufacturer, acquired Sikorsky aircraft for \$9 billion. At the time, the Pentagon expressed some concern about the impact of corporate conglomeration, without actually opposing the deal because, as the Justice Department [decided](#), Sikorsky wasn’t a [direct competitor](#). It manufactured helicopters and Lockheed didn’t. The Justice Department later rebuked Frank Kendall, a Pentagon official who expressed concerns about the deal, while [pushing back](#) on his calls for a more formal Pentagon role in potentially blocking such mergers.

Three years later, Northrop Grumman acquired Orbital ATK, then the [biggest manufacturer](#) of rocket motors in the country. The Federal Trade Commission (FTC) [imposed guardrails](#) on the deal because Northrop also made missiles and acquiring a company that produced motors for its missiles could give it an unfair advantage over other missile manufacturers. Still, the merger went through.

In 2019, L3 Technologies and the Harris Corporation combined in a “[merger of equals](#)” to create L3Harris, the [sixth-largest defense contractor](#). Both companies were the [sole suppliers](#) of critical components for the military’s night-vision equipment. As a result, the Justice Department concluded that the merger would monopolize that technology and [required Harris to sell](#) its night-vision business. The company is now, however, [trying to acquire](#) Aerojet Rocketdyne, the [last remaining independent supplier](#) of missile propulsion

systems in the United States. Senator Elizabeth Warren (D-MA) recently called on the FTC to block the deal, [arguing that](#) it would decrease competition in rocket motors.

In 2020, Raytheon and United Technologies combined in the biggest defense merger in decades, valued at about \$121 billion. The resulting company, Raytheon Technologies, now an aerospace conglomerate, has established itself as a [global supplier](#) of everything from jet engines to missiles. As this country's [second-biggest weapons contractor](#), only Lockheed Martin outdoes it in annual defense revenues.

It is, of course, long past time for Congress to push back against such merger mania in the arms industry and the wild Pentagon overspending, waste, and poor weaponry that goes with it. Reducing the political clout of the major weapons makers would do more than just save billions of tax dollars. It just might prompt a broader debate about the purpose of a Pentagon budget now rising toward the [trillion-dollar mark](#) annually, a sum that would undermine the very concept of defense.

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