

Should Michèle Flournoy be Secretary of Defense?

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President-elect Joe Biden faces monumental challenges, left to him by an exceptionally dysfunctional administration now heading for the exits—despite temper tantrums en route. Among those challenges, one hardly mentioned during the campaign is stemming the runaway appetite in the Pentagon, the defense industry, and Congress for never-ending increases in the military budget.

The president-elect's apparent pick for secretary of defense, Michèle Flournoy, would not squelch that appetite. Her stated prescriptions for defense are to bring in people ill-suited to curb Pentagon spending, kill off badly needed oversight, and worsen long-standing pathologies that make our armed forces smaller, older, and weaker.

Keep in mind Flournoy's extensive defense industry ties. In 2002 she went from positions in the Pentagon and the National Defense University to the mainstream but hawkish Center for Strategic and International Studies, which is <u>largely funded by industry</u> and Pentagon <u>contributions</u>. Five years later, she co-founded the second-most heavily <u>contractor-funded think tank</u> in Washington, the highly influential Center for a New American Security (CNAS). That became a stepping stone to her role as under secretary of defense for policy in the Obama administration. From there she rotated to the <u>Boston Consulting Group</u>, after which the firm's military contracts expanded from <u>\$1.6 million to \$32 million in three years</u>. She also joined the board of <u>Booz Allen Hamilton</u>, a consulting firm laden with defense contracts. In 2017 she co-founded <u>WestExec Advisors</u>, helping defense corporations market their products to the Pentagon and other agencies.

Though WestExec Advisors does not reveal its clients, Flournoy has.stated, "Building bridges between Silicon Valley and the U.S. government is really, really important," even a "labor of love." WestExec is also careful not to designate Flournoy as a lobbyist, which could run afoul of Biden's likely prohibitions against appointing "lobbyists" to senior positions. But a WestExec source did tell an interviewer, "We'll tell you who to go talk to" and what to tell them. This simply circumvents the legalities; it is lobbying by remote control.

In a CNAS article this July, Flournoy laid out a plan embraced by candidate Biden and other Democrats, "Sharpening the U.S. Military's Edge: Critical Steps for the Next Administration." The piece reveals Flournoy's corporate outlook and outlines how the next secretary of defense should manage the Pentagon.

The nature of any Pentagon administration stems from the quality of the people selected to run it. Addressing this central question, Flournoy states:

It will be imperative for the next secretary to appoint a team of senior officials who meet the following criteria: deep expertise and competence in their areas

of responsibility; proven leadership in empowering teams, listening to diverse views, making tough decisions, and delivering results; mission-driven and able to work well in a team of strong peers ... and diverse backgrounds, experiences, and perspectives that will ultimately contribute to better decision making and organizational performance.

Nowhere does she list ethics, character, objectivity, or independence from contractor, service, or political biases, all qualities stunningly missing from Trump's Pentagon as well as earlier ones.

Significantly, Flournoy expands: "DoD leaders need to find ways to deepen their dialogues with current and potential partners in industry, both companies that are part of the traditional defense industrial base and non-traditional partners, for instance commercial technology companies in places such as Silicon Valley, Austin, and Boston." Stated plainly, her Pentagon would have an open-door policy for contractor influence, especially for the sector she called her "labor of love."

Further on, she elaborates:

In order to attract the best of Silicon Valley and other tech hubs across the country, however, the department must also generate a clear demand signal and create more substantial recurring revenue opportunities for these companies. One approach is to announce the department's big bets and put substantial funding behind each one, teeing up a series of opportunities for companies to compete for development, prototype, and ultimately production contracts.

Translating this into plain English, she favors getting the best out of the defense tech industry by increasing the money flow.

But would there be any checks and balances and meaningful oversight in Flournoy's Pentagon? How will we know whether the products of her "more substantial recurring revenue opportunities" would help or hurt our soldiers, sailors, and pilots in combat?

After some remarks about "robust analysis, wargaming, and particularly field experimentation" and "more analysis, anchored by experimentation at scale, [that] is desperately needed so that novel operational concepts can be analyzed and tested in realistic scenarios," she adds a devastating caveat regarding weapons oversight: "the department and Congress may want to consider a new type of funding authority that supports both the development and testing of new digital technologies. For many emerging software-defined technologies, the distinction between research and development, operations and maintenance, and testing and evaluation (T&E) is artificial."

To understand how this opaque language sabotages any serious acquisition oversight on behalf of our military, a little history will help.

Perhaps Congress's most successful Pentagon reform of the past half-century was the creation of the independent Director of Operational Test and Evaluation (DOT&E), controlling combat-realistic testing and reporting *directly* to the secretary of defense *and* Congress. The Pentagon had long <u>subordinated testing and test reporting</u> under the senior development and acquisition executives in the military services and the Office of the Secretary of

Defense. In other words, committed weapons program advocates <u>could</u>, <u>and did</u>, alter the tests and censor the reports for any and all weapons.

Ever since DOT&E was established, program advocates and their allies in industry have resented any independent testing and reporting that would undermine their own glowing self-evaluations—and that could spur cancellations. That's likely why they have campaigned hard to eliminate the office or re-subordinate it to acquisition managers, stifling its independent reports to the secretary of defense, Congress, and the public. Flournoy's recommendation signals her willingness to give them the oversight-suppressing victory they have pursued for years.

But she goes further: "Finally, DoD should take advantage of cutting-edge industry assets. Many of the leading defense companies have state of the art simulation and wargaming centers that can play any system and can help the department test experimental capabilities and refine operational concepts." The only thing worse than acquisition-run testing is industry testers writing their own report cards based on the computer models and simulations they contrive.

Driving the last nail into the coffin, Flournoy throws in an oft-repeated industry canard: "If left unaddressed, testing will become a critical barrier to fielding emerging capabilities in an operationally relevant time frame." It is not testing that causes delays. Instead, it is the flaws in poorly designed systems revealed by testing that cause the lengthy delays needed to redesign, fix, and retest. Such unending interruptions have hobbled the F-35, the Littoral Combat Ship, and scores of other current major weapons programs. Flournoy would apparently prefer that the flaws remain undetected and unreported by advocate-dominated test and evaluation—undetected, that is, until the weapon fails in training or in combat. When that happens, the costs in time, treasure, and blood *far* outweigh the cost and time needed for good testing.

Pork, unmentioned by name, also rears its head in the Flournoy article. She advocates various funds, organizations, and a "center of excellence" to monetize technology. Again, history counts. In 2010 the House initiated a Rapid Innovation Fund to support technology development, just as Flournoy proposes. In actuality, it turned out to be an earmarking slush fund so members of Congress could satisfy local interests and circumvent new rules in Congress to pretend to end earmarks. Flournoy would likely expand this contractor self-funding process inside the Defense Department. Once it shows up in a Pentagon spending bill, the congressional add-ons will proliferate, given how voraciously today's Congress stuffs earmarks into defense bills.

Another word that does not appear in the Flournoy article is "audit." The Defense Department is the only major federal agency that has never passed an audit, despite statutory and constitutional mandates. Some feeble progress has been made in recent years, but without far stronger action, it will be many years before the department delivers to Congress and the public clean audits of contractor spending and profits, much less routine audits of agency and contractor fraud. Under an uninterested Flournoy, it would be an even longer time.

Central to the plan is paying for it all. Flournoy identifies "over-investing in legacy platforms and weapon systems" as the impediment. Candidate Biden, likely not coincidently, <u>stated</u> he would shift investments from "legacy systems that won't be relevant" to "smart

investments in technologies and innovations—including in cyber, space, unmanned systems and artificial intelligence."

Biden also <u>explained that</u> "I've met with a number of my advisers and some have suggested in certain areas the budget is going to have to be increased." Knowing that most Democrats will not now tolerate net increases in military spending, Biden and his advisors know they must balance out the plusses and minuses. This legacy-versus-new balancing is central to their plan.

In <u>Foreign Affairs magazine</u>, former Secretary of State Hillary Clinton elaborated on this theme by providing extra details: retiring legacy systems "would free up billions of dollars that could be invested" in the new B-21 bombers, "next-generation" submarines, "newer and fewer" ICBMs, upgraded communication and intelligence systems, electrical non-tactical vehicles, and artificial intelligence-controlled systems.

But the math won't work. All the available data shows that the newer (more complex by design) systems are more expensive to operate than older ones. Air Force data show the F-22 to be twice as costly to operate as the elderly F-15C and D; the B-2 is twice the cost to maintain as the ancient B-52. The new, ultra-complex B-21 bomber, which Clinton and others strongly support, promises to be yet another step up in operating cost. One does not save money by replacing a lower cost with a higher cost.

Furthermore, none of the pretended savings in operating costs would pay for the much larger expense of developing and buying the new systems. For example, to retire all 283 A-10s would save \$1.5 billion. Using the Air Force's assuredly untrustworthy prediction that the B-21 will cost \$550 million per plane, killing off the entire A-10 inventory wouldn't quite buy three bombers. Developing and procuring the 100 B-21s originally proposed is certain to cost at least \$90 billion, and the bomber advocates are now talking about 200, or possibly more, of them. The Biden/Flournoy plan, as explained by Clinton, would require the Air Force to virtually eliminate its entire inventory of legacy combat aircraft to buy the B-21 fleet they envision. And the plan still has to pay for that new Air Force ICBM, plus all the rest Clinton lists.

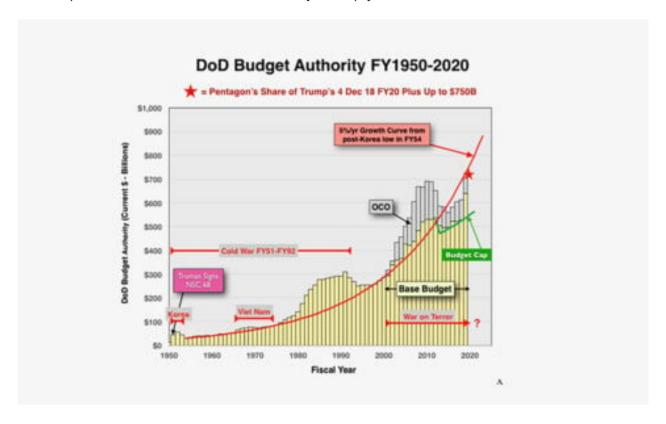
Incidentally, Air Force leaders would be happy to go along with canning the A-10; they have been <u>trying to retire</u> the <u>never-wanted A-10</u> for decades despite its unique effectiveness in various missions, particularly including close air support of our troops, in every war since 1990.

The legacy-versus-new plan also proposes disposing of lots of other "short-range tactical fighter planes," refueling aircraft, heavy tanks, and "vulnerable surface ships," all only useful, allegedly, for "a world that no longer exists." Tell that to the thousands of today's U.S. service members who will have to continue using these same legacy weapons in the "forever wars" in Iraq, Afghanistan, Syria, Somalia, and elsewhere.

None of the Biden/Flournoy/Clinton thinking is new. Recall slogans from the George W. Bush and Clinton administrations like "transformation" and "revolution in military affairs" that promised modernized forces for affordable costs. In reality, the outcome of those promises has been shrinking combat forces, more program failures, weapon fleets growing steadily older, and troops training less—all at ever-growing cost.

To explain, we need to examine some Pentagon budget history.

Defense spending is now at an all-time <u>post-World War II high</u> no matter how you adjust for inflation—barring three years, 2010 to 2012, of even higher spending under President Barack Obama. Looking at yearly appropriations since the Korean War (unadjusted for inflation in order to avoid the <u>Pentagon's doctored inflation indices</u>), the figure below reveals that the Pentagon budget has never fallen below a steady 5% growth curve, except for a brief departure in the late Obama and early Trump years.



Flush with Cash, Running on Empty (I): The High Cost of the Military Technical Revolution (Source: Franklin C. Spinney)

This 65 years' worth of inexorable spending growth has been unaffected by dramatic changes in America's actual national security needs, revisions of U.S. national strategies, the rise or collapse of perceived enemies, or—for the most part—who is president or whether we are at war or peace.

Second, throughout this perpetual budget expansion, the Army, Air Force, and Navy have.ncbeen.shrinking—with the shrinkage accelerating during the period of highest spending growth: the period since 9/11. Moreover, the added money and smaller forces have not resulted in overall modernization. Our smaller inventories of <a href="https://armored.ncbeen.ships.ncbeen.ncbeen.ncbeen.ships.ncbeen

How can so much more money lead to smaller, older, less effective forces?

The F-35 Joint Strike Fighter is a prime example. At a \$161 million program acquisition unit cost, it is by design well over five times as expensive in current budget dollars as the F-16C/Dit is replacing. F-35s are way too expensive to replace F-16s on a one-for-one basis. Thus, lots of old F-16s must be kept flying in order to avoid a vanishing fighter fleet. Because even constant procurement budget increases cannot keep up with the ever-

accelerating costs of new weapons, the <u>already ancient inventory</u> of combat aircraft ages further.

Furthermore, the F-35 is <u>at least twice as expensive</u> to operate as the various aircraft it purports to replace. Because procurement spending is always given priority over maintenance, maintenance budgets never catch up with the increased operating costs. Inexorably, maintenance falls behind. Even worse, to help fill the gaps, training hour budgets are raided. More maintenance costs literally mean less maintenance and less-trained pilots. Current F-35 pilot flight training hours are a mere third of the barely adequate training hours of a generation ago. Even worse, in specific missions the F-35 is simply not as combat-effective as the legacy aircraft it is to replace: for example, <u>the A-10 for close air support</u> and the <u>F-16 for visual dogfighting</u>.

The F-35 is hardly an isolated example. New ships, bombers, armored vehicles, and even trucks have grown so expensive that fleet-wide inventories are aging just like the fighters. Google names like "F-22," "Zumwalt destroyer," "Littoral Combat Ship," "KC-46 tanker," and "Ford class aircraft carrier" with descriptors like "fails operational test," "mission capable," "combat unready," and "cost growth." Our forces are riddled with these examples.

No one should think the tired idea of trading in "legacy" for "new" will result in the promised "better" and "affordable." The "new" is not just a prescription for more cost; it will also mean older, fewer and, worst of all, less effective forces. That outcome is guaranteed if, as proposed by Flournoy, oversight is stripped away and industry is invited to dream up, self-test, and then set their prices to whatever can be stuffed into the budget.

Importantly, no one should think that the "legacy" museum pieces we maintain in the field should not be replaced with new, more combat-effective weapons. Many of those antiquities were less than great weapons even in their time, and we should stop wasting money on them. A few others, while very old, have been extremely effective and should continue to be upgraded, but only until <u>truly affordable</u>, <u>demonstrably more effective replacements</u> are built and tested—all of which can be quite rapid. There is no Flournoy plan to make *that* happen.

Beyond hardware and technology, we need to do a far more intelligent job of understanding the never-ending evolution of tactics and forms of warfare. History shows clearly that those who fail to do so meet with tragedy—as do those who prepare poorly, relying on false prophecies from self-serving interests and ambitious dilettantes. Radically contending schools of military thought must be encouraged rather than suppressed because they deliver an unwanted answer. Our best minds must thoroughly, independently, and ruthlessly examine them all. There will be no one agreed-upon answer. Mercenary parties have no part in that process. We need to listen to military leaders who have experienced both defeat and victory on the battlefield while remaining free of industry influence and careerism; engineers and scientists who have developed proven, useful technologies; and industry leaders who have delivered successful, affordable products and eschewed self- and corporate-interest.

The Flournoy plan proposes no such rigorous evaluation or evaluators of new ideas and new weapons.

Under her plan, the students wouldn't just grade their own exams; they would write them

and then demand we reward them handsomely for doing so.

Instead of this toxic plan, we need to select, nominate, and confirm a new generation of defense leaders who have demonstrated the ethics, competence, independence, and spine to produce a stronger national defense and a more honest system for delivering it.

The president-elect should be asking who those people are.

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Wheeler brought the Center for Defense Information to POGO in 2012 and directed it through 2015.

Sprey, in 1981, helped to create the Project on Military Procurement, which expanded and became POGO in 1990.

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