

Defense budget must be expanded to drive aerospace recovery

by Leo F. Scanlon

As the Clinton administration steers its first defense budget through Congress, the question is: Will defense spending be cut to reduce the budget deficit, or will it be properly funded to stabilize the collapsing national aerospace and defense production capabilities? The answer will have domestic and international ramifications, as Russian policymakers are wrestling with similar problems, in crisis proportions. The Bush administration systematically gutted defense spending in order to cook the national accounting books, and the effects of that folly have now hit home for both the military and civilian economies. Now is the time to reassert the fundamental importance of high-technology military research and development for the entire economy.

The Clinton budget itself presents no such perspective. It mostly attempts to manage existing crises, within the confines of the international financial mudslide which is dragging down the world economy. But the problems facing the U.S. defense establishment have become so severe that a full-scale overhaul of the science and industrial policies of the Bush era is now inescapable.

The problems are most acute in the national laboratories, where decades of talent and know-how are being scrapped and laid off, while the labs face the danger of being turned into "hobby shops," adapted to the latest politically correct science fad. Likewise, the Armed Services are facing broad-based problems caused by collapsed procurement budgets and the continued erosion of Operations and Maintenance (O&M) funding, which is being squandered to support genocidal U.N. "peacekeeping" missions. Worst of all, congressional mandates are pitting the labs and the services against the defense producers, in a fratricidal competition which is characterized by wave after wave of layoffs of the most skilled technicians in the world.

The administration did not address these basic issues seriously until the failures of Secretary of Defense Les Aspin forced the question. The ferocious reaction against Clinton's subsequent choices for defense secretary hints at the real issues involved.

On the surface, the problems facing the military are the result of a prolonged process of demobilization, initiated by the Bush regime, which occurred just as an increased tempo of military deployment—from Iraq to Bosnia—stretched the manpower and infrastructure of the services. The important

flaw in the Bush legacy is not the inadequate defense budgets, but the fact that the military resources are being squandered in pursuit of an agenda which is both expensive and criminal, a combination which is inherent in the support of United Nations policies which put population reduction as a top priority.

The administration's recent Presidential Policy Directive 25, outlining a reform of the policies governing U.S. participation in U.N. multilateral operations, indicates the economic burden these deployments impose (see article, p. 60). Point number two calls for a reduction of U.S. costs for U.N. peacekeeping operations, "both the percentage our nation pays for each operation and the cost of the operations themselves." In point three, the administration asserts that "the President will never relinquish command of U.S. forces." Then, in point five, it states that "the Department of Defense will take lead management and funding responsibility for those U.N. operations that involve U.S. combat units and those that are likely to involve combat, whether or not U.S. troops are involved."

So far, this fledgling opposition to U.N. military adventures is merely negative, or reactive, and does not offer an alternative path for the nation. The prime obstacle to the debate which could help shape a positive strategic perspective is the phenomenon that Adm. Bobby Inman (ret.) labeled "the new McCarthyism." That label is accurate. It captures the venal nature of the attack which was mounted against the nomination of Inman for secretary of defense, and which continues against the presidency itself.

The term evokes the curious parallels between the crises facing the "Cold War" military establishments of the United States and Russia, and implies that larger strategic questions are lurking behind the attack rhetoric.

Policy shifts provoke media hysteria

In the negotiations which preceded Admiral Inman's nomination to succeed Aspin as secretary of defense, the admiral made his acceptance conditional upon the President's willingness to meet regularly on matters of international military strategy.

Inman was well suited to the task, possessing a depth of intelligence experience and an overview of the structure of the defense scientific and industrial base. Despite the absence of that dialogue, critics have begun to snipe at Defense Secre-

tary William Perry on the same grounds. For, while Perry does not have the experience and clout of a figure such as Inman, he has been involved with the two most important elements of the defense structure—scientific research and procurement policy.

Press articles have routinely criticized Perry for statements which put him out in front of the administration in delicate foreign policy situations, such as the simmering crisis in Korea. More revealing are the criticisms levelled at Perry's advocacy of defense procurement reform, an advocacy which dates back to his tenure in the Carter Defense Department.

In his role as the chief of high-technology weapons procurement for the Carter administration, Perry became one of the secrets to the success of the "Reagan military buildup" in the 1980s. (It is little exaggeration to say, that except for Reagan's adoption of Lyndon LaRouche's strategic proposal to use defensive weapons as a science driver—the Strategic Defense Initiative (SDI)—his buildup was achieved by throwing much-needed money at the last Carter defense budget.)

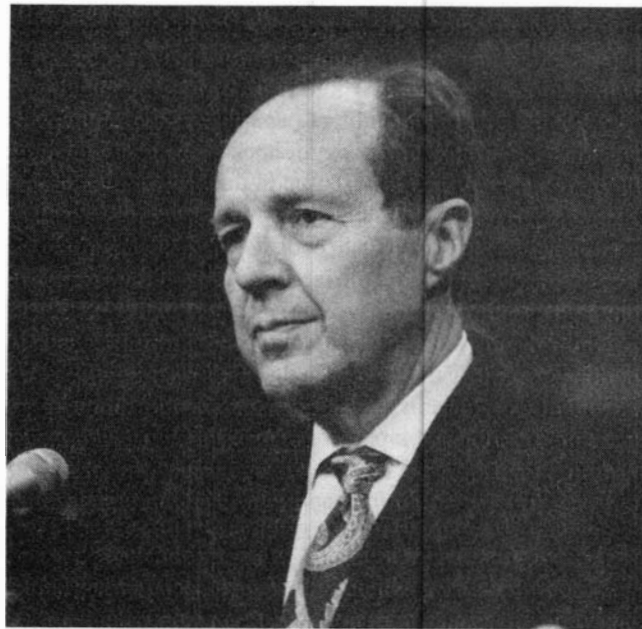
The parallels with the present situation are striking: Then, as now, the military was suffering from the effects of a hasty and poorly executed demobilization, especially the problems associated with "hollow forces"—manpower with no equipment or training budget. An emergency overhaul of the weapons procurement bureaucracy was critical to preventing a meltdown of the military under Carter, and Perry directed that effort.

Perry developed 'concurrency'

The prime target was the Federal Acquisition Regulations (FARs) and "Mil Specs," which do little to guarantee quality weapons development, but do maximize the ability of Congress (and the press) to micro-manage the defense establishment. Perry developed an acquisition process labeled "concurrency," in which phases of design, testing, and production of a new system are run concurrently, bypassing the bureaucratic procedures and sequential testing which can render a new technology obsolete before it is fielded as a weapon.

"Concurrency" is the closest the United States has come to "crash program" methods in the post-Apollo era, and it yielded great success in the development of the F-16 (a program managed by future SDI director James Abrahamson) as well as in the development of stealth technologies, cruise missiles, and uncatalogued "black" (top secret) programs.

Failures in concurrency-run programs (Division Air Defense Weapon, DIVAD, is most notable) were used to attack the principle involved, and by 1983, media scandal-mongering had energized Congress to crush anything that smelled of crash programs. The emerging SDI soon became the main target of this "anti-concurrency" campaign. When the Bush-leaguers wanted to signal that the LaRouche version of SDI was dead, the administration simply announced that the program would be run under the FAR regime. No "concurrency," no "crash program," all research "in the black," i.e., the tech-



Secretary of Defense William Perry at a Senate Armed Services Committee hearing on the military budget, February 1994. His past involvement in scientific research and procurement policy is a plus for the administration.

nology breakthroughs won't be spun off into manufacturing.

This reverse in course was the hallmark of the Bush regime throughout the Gorbachov period. By 1990, Undersecretary of Defense Fred Iklé had fully revived the follies of the McNamara era, telling Congress that the best approach to scientific R&D was to separate the national laboratories from production and manufacturing. Weapons should be developed, but not procured he said, since deterrence would be the watch-word in the "new world order."

The problems facing Perry have their roots in this idiocy. Congress is doing what it is inclined to do in the absence of any presidential leadership—imposing an array of rules and regulations, now couched in the rhetoric of "privatization," which militate against the emergence of any strategy which would combine the strengths of the national labs and the defense industry. Once again, procurement policy is the key issue, since decisions here will determine how defense money flows to the manufacturing sector. Ideologues define the issue as a fight between "privatization" and "industrial policy."

Reality can't be ignored

On March 22, John H. Nuckolls, director of the Lawrence Livermore National Laboratory shocked Congress with a charge that the federal government's failure to preserve the national laboratories was tantamount to "failing to meet its constitutional responsibilities to 'provide for the common defense' and to 'secure the blessings of liberty to ourselves and our posterity.' "

Nuckolls resigned from his position under pressure with-

in weeks of these statements. His warnings are not "Cold War rhetoric." The most dangerous and unstable aspect of the relations between the United States and Russia do not come from the residual military capabilities of potential adversaries, but from the economic shock effects caused as the scientific R&D capabilities, based in the military apparatus, are destroyed.

The legacy of the Bush budgets includes an array of problems stretching from the labs to the shop floor:

Congressional pressures for privatization exacerbate conflict between the labs and the aerospace industries, which are reduced to fighting the labs for budget scraps—small satellite development programs, for example.

Congressional "competitive bidding" mandates are similarly shaping a conflict between the services, which need to overhaul their depot maintenance programs, and the manufacturers who badly need contracts to employ their skilled work force. Procurement and long-term maintenance contracts for new weapons systems are a vital tool to strengthen and stabilize a shaken defense industry.

The C-17 program has been delayed so long that the workhorse of the transport fleet, the C-141, has deteriorated to the point that it operates at less than 75% of its design capability. Self-sufficient military airlift, in effect, is nonexistent.

The Air Force predicts a serious shortage of bombers by 1995, and all services are dealing with huge expenses related to the extensive flying done during George Bush's murderous "Persian Gulf live-fire exercise."

The most deadly legacy of the Bush budgets is the equipment and mission failures directly related to cuts in O&M. You can't balance a budget simply by cutting weapons procurement, because the programs are budgeted over long periods of time. Cash savings are found by cutting the training and maintenance funds—a move which puts the lives of the troops at risk.

The cuts in O&M funds, which began under the Bush-Reagan administration in 1985, built a \$1.7 billion backlog in maintenance and repair and an \$11 billion backlog in depot-level maintenance. A \$5 billion increase in O&M funding in the 1995 Clinton budget is eaten up by an identical expenditure in "environmental security" drawn from the same account. Dismantling of the nuclear arsenal of the former Soviet Union draws \$400 million from the same account, and, most absurdly, \$300 million of O&M funds goes to support U.N. peacekeeping.

Unless there is a national mobilization to defend the scientific research and development capabilities of the United States and Russia, Clinton's defense budget will founder: Rep. John Murtha (D-Pa.), chairman of the House Appropriations Defense Subcommittee, told the *Armed Forces Journal* that "we are really in a position where this two-front war strategy cannot be done. . . . As long as [the administration] gives us an honest budget, and they do not deploy overseas we will be all right."

Hamilton's economics draws new interest

by Jeffrey Steinberg

During his recent trip to Moscow, Lyndon LaRouche emphasized to Russian intellectuals that no nation will survive the imminent global financial blowout unless it adopts Hamiltonian economic policies and fights to establish an international system based on those principles.

Up until very recently, LaRouche was practically a lone voice on the American political scene preaching the virtues of the economic, credit, and national banking policies of our first secretary of the Treasury, Alexander Hamilton. LaRouche has gone far beyond Hamilton in his own unique contributions to the science of political economy, but has been a persistent advocate of the cornerstone policies spelled out in Hamilton's 1791 *Report on Manufactures*. In January 1992, *EIR* devoted its entire New Year issue to a commemoration of the 200th anniversary of that Hamiltonian recipe for economic progress, featuring excerpts of the work of some of the world's most important "Hamiltonian" economists of the past two centuries.

Last year's tumultuous debate over the North American Free Trade Agreement (NAFTA) sparked a mini-revival of Hamiltonian ideas. Now, with the world financial system teetering on the edge of a blowout, and with the General Agreement on Tariffs and Trade (GATT) before the U. S. Congress for ratification, a second burst of enthusiasm for protectionist policies and a growing worry about the implications of the new global free trade pact are bubbling to the surface.

Writing in the *Washington Times* on May 4, conservative syndicated columnist and recent defector from the free trade camp Patrick Buchanan railed against the assault on national sovereignty embedded in the GATT treaty. Referring to the World Trade Organization, the new one-world body that would have authority under GATT to impose sanctions on any nation seeking to protect its domestic manufacturing or agricultural bases, Buchanan wryly noted: "The glittering bribe the globalists are extending to us is this: enhanced access to global markets—in exchange for your national sovereignty! . . . Washington, thou shouldst be living at this hour!"

Another longtime free trader, House Minority Whip Newt Gingrich (R-Ga.), the man who delivered the GOP votes to President Clinton at a crucial point in the NAFTA fight, is also edging toward defection from the GATT treaty, a 29,000-page, 300-pound document that the most obsessive number cruncher would have difficulty digesting. He recently told the