Space Force: A Historical Perspective
Adding Bureaucracy Without Adding Capability

BY DAN GRAZIER

Space might be the final frontier, but it is also now on the verge of becoming a well-worn bureaucratic path. Military and civilian leaders are currently working through the details of proposals to create an independent service dedicated to space within the next two years. This would be the first new military branch since the Air Force spun off from the Army in 1947. Pentagon planners estimate it would cost upwards of $13 billion over the next five years to establish the Space Force as a separate service branch, although history suggests the real cost will be many times that.1

No one is suggesting the Space Force would be launching fleets of starships filled with Space Marines to go fight in distant solar systems. Its operations would be confined to supporting the missions of the existing services.2 Viewed in that context, Congress and the Department of Defense should carefully evaluate the desired outcomes of space operations and ensure each service is adequately organized and resourced to provide their own space support instead of creating an entirely separate organization to supply the unique and peculiar needs of the existing services. History shows that an independent service devoted to space would add greatly to the Pentagon’s bureaucracy, creating more problems than it would potentially solve, without a corresponding capability increase. The American people would pay a premium for a less effective military force.

“History shows that an independent service devoted to space would add greatly to the Pentagon’s bureaucracy, creating more problems than it would potentially solve, without a corresponding capability increase. The American people would pay a premium for a less effective military force.”

3 President Donald Trump, “Remarks by President Trump at a Meeting with the National Space Council and Signing of Space Policy Directive-3,” June 18, 2018.
the emergence of the Aeronautical Division within the Army’s Signal Corps in 1907. But a closer look at the history reveals that the evolution of an independent Air Force solved far fewer problems than it ultimately created.

The Air Force Case Study

Underpinning the idea of an independent air force is the notion that air power, when centrally controlled by airmen and used to strike at vital targets deep within enemy territory, can decisively win wars without any assistance from ground or naval forces. Airmen have been promoting this idea since at least 1921, when the Italian naïf Giulio Douhet articulated his strategic bombing theories in his book The Command of the Air. Leaders of America’s precursor Air Force organizations studied Douhet’s ideas at the Air Corps Tactical School. American airmen convinced themselves that Douhet’s idea for unescorted formations of heavily armored, self-defending “battle planes” could destroy an enemy’s war-making potential by targeting its industrial centers without the need for a land campaign.

By World War II, leading bomber advocates, including future Air Force generals, and the other airmen pushing strategic bombing theory were desperate to convince the decision-makers that nothing could stop their bombers in order to gain Congressional approval for their acquisition projects, especially the B-17. The single-minded focus on strategic bombing and, by extension, securing service independence from the Army, led to significant capability gaps. The United States began the war without effective fighter aircraft, and, ultimately, thousands of American airmen died needlessly because their bomber formations lacked fighter escorts during the early phases of the war and were easy prey for the German Messerschmitt fighter pilots.

Leading airmen viewed World War II as a perfect opportunity to prove their pet theories. As the historian and veteran Air Force officer Perry McCoy Smith showed in The Air Force Plans for Peace, one of the Army Air Forces’ leaders’ primary concerns during the war was creating the justification for service independence. Air leaders in the United States and Britain argued they could win the war through strategic bombing alone, by crippling Germany’s war-making potential and forcing it to surrender. The American and British Air Forces conducted massive raids over Germany during the European campaign, bombing both military and civilian targets in the Combined Bomber Offensive beginning in 1943. But two years of relentless bombing resulted in the Allies suffering massive aircraft and aircrew losses. This effort hardly crippled the enemy’s morale or will to fight; German armaments production actually increased during the war.

---

Allied armies still had to storm the beaches of Normandy and then fight a grinding campaign across Europe that lasted more than 11 months and ended only after the Germans were physically crushed between the invading armies along the Elbe River.

President Harry S. Truman, General George C. Marshall, and General Dwight D. Eisenhower resisted service separation during the postwar military reorganization debates. But they were eventually convinced by early Air Force leaders’ claims that they would not neglect their responsibilities to support ground troops. On September 18, 1947, President Truman signed the National Security Act of 1947 into law, formally splitting off the Air Force into a separate service. Air Force leaders had promised to create a Tactical Air Command focusing entirely on integrated operations with the Army, but just two years later, the new Air Force “stripped” resources from Tactical Air Command until it became a hollow force. 12

Ever since, the Army has had to fight to get the Air Force to fulfill its federally mandated support role. 13 Air Force leaders have repeatedly failed to adequately provide for missions assigned to them and instead used the money to fund their own projects while clamoring for a larger budget slice. Rather than increasing effectiveness and efficiency, the centralization of military aviation resulted in even more duplication.

The Challenge of Jointness
When Congress passed the National Security Act of 1947, it was with the ostensible purpose of “unifying” the services by placing them all within a single department of defense. Previously, the Army and Navy had been completely separate, each with their own Cabinet-level secretary who answered directly to the president. Even this bifurcated Army/Navy structure presented challenges that military leaders during World War II found difficult to overcome. President Truman and Generals Marshall and Eisenhower had all favored a plan to erase the service differences by creating a single military establishment. 14 (In 1944, then-Senator Truman even published an article in Collier’s Weekly making the case for service unification. 15) They believed that erasing service differences would eliminate inefficiencies caused by duplication and make it easier to conduct the combined arms campaigns, like the Normandy invasion, that would be necessary to prevail in future wars.

The unification efforts of the immediate post-war years met stiff

---

resistance from those who benefited from the status quo. Navy leaders and their partisans in Congress who feared their interests would not receive sufficient attention and funding in a unified military dominated by soldiers fought fiercely against Army leaders who advocated for service unification. The Air Force leaders believed they could decisively win wars from the air and that the country did not need large ground or naval forces at all, but they were willing to settle for service independence and co-equal status with the Army and Navy.

Again, in the manner of so many bureaucratic fights, the leaders of the day worked out a compromise that on paper gave the appearance of solving the problem, but in reality only worsened long-standing problems. In an attempt to unify the military, the United States went from having two separate services to three, with an extra layer of bureaucracy added on top. The new organization proved so unwieldy that the first secretary of defense, James Forrestal, quickly exhausted himself. In less than two years, he suffered a nervous breakdown, was diagnosed with “severe depression of the type seen in operational fatigue during the war,” and committed suicide in 1949, raising “serious questions concerning the tensions associated with high office.” Psychiatrists who treated Forrestal prior to his death would later connect the onset of his mental illnesses with his time in office.

Prompted by the challenges of getting three services with very different institutional cultures to work together, Congress passed the Goldwater-Nichols Act in 1986 to correct many of the problems created by the National Security Act of 1947. Goldwater-Nichols increased the powers of the Joint Chiefs of Staff and created a more direct civilian control of combat operations by establishing the combatant command system. It also mandated the services to take more care when assigning officers for duty assignments with other services by establishing a “joint specialty.”

Department of Defense leaders apparently did not think this solved the problem. Thirteen years later, Department officials established the United States Joint Forces Command to develop joint operating concepts, increase interoperability, and conduct joint training exercises. This only lasted until 2011, when the Secretary of Defense directed its closure since over time it had “created an unneeded extra layer and step in the force management process.”

Yet the fundamental problems persist.

**Compounding Interservice Friction**

At the center of every military service is a bureaucracy. All bureaucracies share several common behaviors. They all hold as their first goal self-preservation. This is followed closely by the intimately related self-justification. As a result, they are always on the lookout for opportunities to inflate their contributions, which they can then use to battle threats to their existence.

Human beings are likely a long way off from “Star Wars”-style battles in space. For the time being, the military applications in space serve to support pursuits here on Earth, whether that’s through communications or surveillance. To most effectively accomplish these support functions, there should be as few bureaucratic barriers as possible between them and the corresponding combat forces.

Experience shows that an independent Space Force will work to first carve out its own unique identity. Its leaders will insist on having their own service schools, sources of supply, uniforms, and bases—even as Pentagon leaders have repeatedly sought the freedom to close bases they believe are unnecessary. Experience also suggest they will claim that the rapid pace of technological development will necessitate special acquisition procedures, and will seek broad exemptions from the existing regulations, which would greatly hinder Congress’s ability to
exercise its oversight functions. This has already begun: Air Force Secretary Heather Wilson signed a memo on September 14, 2018, with her proposal to establish the Space Force, touting the current Air Force Space Rapid Capabilities Office’s special authorities and exemptions granted by Congress allowing it to work outside of the normal federal acquisition system.\(^2^3\) If anything, due to the anticipated cost and potential failure rate, acquisition programs of this kind should receive more, not less, Congressional oversight.

As it matures, Space Force’s doctrine and operations are likely to become increasingly disconnected from the other services. While attempting to assert their independence, Space Force leaders will likely start acquiring equipment that is not compatible with the other services. The Army and Air Force have repeatedly had difficulty working together because their radio sets operated on different frequencies. This even occurred during World War II before the Air Force became independent. It is not much of a stretch to imagine a new satellite network under the control of an independent Space Force not working smoothly with equipment purchased separately by the Army, Navy, or the Air Force.

The real power in the military is in control of the budget. The way to create the kind of cohesiveness necessary to establish a force capable of conducting combined arms operations is to ensure that a single person ultimately has the ability to make policy decisions which can then be enforced through control over the budget. In theory, the Secretary of Defense has this authority, but when programs span separate services with their own budget lines, that power becomes diluted. As is true with all things related to war, the best policy is to keep things as simple as possible. Adding another service would add an entirely new level of complexity and friction to an endeavor that already has too much.

**Conclusion**

So far, plenty of skepticism endures on Capitol Hill about the need for a new military branch.\(^2^4\) The officials calling for an independent Space Force will doubtless continue to claim this domain holds the key to victory in any future conflict, and requires the most independence and largest share of the budget possible. But, just like with aviation, space operations will not be decisive on their own. Their true potential can only be realized as supporting efforts of operations on the sea and especially on the ground. When viewed in that light, it only makes sense for the commanders of the sea or ground forces to also be in command of the supporting space forces.

Leaders in each of the services should carefully assess their true space domain needs and tailor an appropriate organization to meet them effectively and efficiently. Should there be Department-wide requirements, the Secretary of Defense should determine which service has the greatest stake and assign it as the lead agency while the other interested parties contribute accordingly. Budget pressure is generally useful in defense spending, as it adds a strong dose of discipline into a process that so often lacks it in the beginning. Constrained budgets force service leaders to pursue more practical and simpler designs that usually perform better than the overly complicated systems born when money flows more freely. If, though, a separate, independent Space Force is created, its leaders will likely only work with the other services when forced to do so by an outside entity like the Secretary of Defense or Congress, and even then, as history shows, the resulting cooperation is likely to be half-hearted and will vanish as soon as the source of external pressure moves on.

Victory in war comes through the cooperation of all arms toward a single goal. The United States should be taking steps to reduce barriers to this kind of cooperation, not creating more.

---


It seems the only Afghan war number that everyone agrees on is how long we’ve been fighting it: 17 years.

But beyond that key date, other data, including Afghan battlefield deaths and civilians killed in the crossfire, are denied to the rest of us by the U.S. and Afghan officials running the war. If the Afghan war were a business, no accountant would be able to audit its books based on the flimsy and conflicting data Americans have available to decide whether or not to continue this investment. And it’s a heavy lift: Beyond the deaths of 2,276 U.S. troops in Afghanistan as of this writing, the nation has spent close to $1 trillion on this war, including $132 billion to build Afghan security forces capable of defending their country on their own, and for economic development.1

But after nearly two decades, the U.S. and Afghanistan are treading water in this conflict, at best. “U.S. military officials increasingly refer to ‘momentum’ against the Taliban, however, by some measures insurgents are in control of or contesting more territory today than at any point since 2001,” the nonpartisan Congressional Research Service reported on September 10.2

They talk of “follow the money” in politics. But when it comes to war, “follow the numbers” is just as important. The U.S. military has long used figures—troops deployed, tons of bombs dropped, attacks launched—as yardsticks on the road to victory. Sometimes they can be misleading (none more so than the infamous body counts of enemy killed in Vietnam) but they do represent a crude proxy for progress, or the lack thereof. The current dearth of data from the U.S. and Afghan governments can mean only one thing: the war is not going well.

Washington and Kabul have flip-flopped on what numbers they provide.3 Over the past 16 years, they have published Taliban body counts, then halted them, before resuming them yet again in January 2018. Then they stopped doing so September 20 when the New York Times asked about the resumption of the practice.4 Some see the Taliban death tally as the Pentagon’s way of showing a skeptical President Trump that his revamped war strategy, with 14,000 U.S. troops now in Afghanistan—a 4,000-troop boost on his watch—is making progress. For the past year, the U.S. and Afghan governments have refused to say how many Afghan troops and police have been killed fighting the Taliban as their casualties have soared (up to 400 in one recent week, according to the Times).5

Most critical data remains elusive. In his July report to Congress, John Sopko, the tireless Special Inspector

---

General for Afghanistan Reconstruction, described the currently secret war figures:

- Afghan casualties (according to the Congressional Research Service, Afghan combat deaths went from roughly 5,500 in 2015 to 6,700 in 2016 to over 10,000 last year)
- the target size of most Afghan military and police units, and how close to that goal each unit is (independent reporting indicates that only 314,000 of the 352,000 authorized slots are filled)
- how many Afghans are leaving their country’s army and police force (outside reporting suggests 35 percent of Afghan army and police personnel quit each year)
- how well those units are performing (the Obama Administration resisted reporting that information too)
- how ready their equipment is
- how many aircraft and pilots are assigned to the only Afghan air unit outfitted with night-vision gear, assault helicopters, and fixed-wing intelligence, surveillance, and reconnaissance capabilities
- information about how much damage U.S. airstrikes have done against targets suspected of funding the Taliban

The nation is tired of the war, yet taxpayers continue to pay for it—close to $1 billion weekly—and to risk the lives of young Americans for a murky mission. No one reflects this more than the commander in chief: he has yet to visit with U.S. troops in Afghanistan, or any other war zone.

Defense Secretary Jim Mattis said on September 24 that the Afghan government was not losing a “war of attrition” to the Taliban. “So far, they have taken hard casualties over the last year,” he said. “And they’re still in the fight.”

That sounds familiar to those of a certain age. Army General William Westmoreland was fighting the same kind of war a half-century ago. “The premise was that, if he could kill enough of the enemy, they would lose heart and cease their aggression against the South Vietnamese,” author Lewis Sorley told me in 2011, when he published Westmoreland: The General Who Lost Vietnam. “The enemy did not lose heart, did not cease aggression. Instead he simply sent more and more replacements to make up his losses. Westmoreland’s first resort in claiming progress in the war was always body count, but in fact this was meaningless. All the enemy’s losses were quickly made up. Westmoreland was on a treadmill.”

Relatively few U.S. troops are dying on Afghan soil (12 so far this year). The bad news is that we’re on a second treadmill, 2,500 miles from Westmoreland’s, and we’ve been on it far longer with no end yet in sight. Without key numbers, there’s no way to add up what’s really going on.

7 November 1, 2018, Afghanistan: Background and U.S. Policy In Brief, p. 9.
8 “The Death Toll for Afghan Forces Is Secret. Here’s Why”
9 “The Death Toll for Afghan Forces Is Secret. Here’s Why”
IN NOVEMBER 2018 the Center for Defense Information released a new database and report which found that from 2008 to the present over 380 high-ranking Department of Defense officials and military officers became lobbyists, board members, executives, or consultants for defense contractors within two years of leaving the Department.

The revolving door is one of several forms of undue influence on the operations of the Department of Defense. For companies, that influence can help them gain access to senior officials, a competitive advantage, business opportunities, and taxpayer dollars.

Our investigation also found:

- There were 645 instances of the top 20 defense contractors in fiscal year 2016 hiring former senior government officials, military officers, Members of Congress, and senior legislative staff as lobbyists, board members, or senior executives in 2018. Since some lobbyists work for multiple defense contractors, there are more instances than officials.
- Of those instances, nearly 90 percent became registered lobbyists, where the operational skill is influence-peddling.
- A quarter of the Pentagon officials went to work at the Department of Defense’s top 5 contractors (Lockheed Martin, Boeing, Raytheon, General Dynamics, and Northrop Grumman).
- Military officers going through the revolving door included 25 Generals, 9 Admirals, 43 Lieutenant Generals, and 23 Vice Admirals.

Without more transparency and more effective ethics laws the public and Congress cannot properly check the influence of defense contractors and what that influence is costing the Pentagon, taxpayers, and our troops.

GO TO POGO.ORG/CDI TO READ THE REPORT AND EXPLORE THE DATABASE.
The Pentagon’s Contracting Gurus Mismanaged Their Own Contracts

BY DANIEL VAN SCHOOTEN

The following piece was first published on August 16, 2018. It has been excerpted and updated. The original can be found at https://www.pogo.org/investigation/2018/08/pentagons-contracting-gurus-mismanaged-their-own-contracts/

Documents obtained by POGO—including a September 2017 preliminary investigative report, an April 2018 internal memo, and a draft of the final report from this summer—show that over the course of several years, the agency seriously mismanaged software project contracts. The agency spent far more than it was authorized to spend, violated numerous policies and regulations, and received insufficient oversight from the Pentagon.

At various points, the internal documents POGO obtained state that some of the agency’s foul-ups on the project indicate “a serious systemic problem within the organization” and raise “serious concern over contracting practices and processes within DCMA.”

The project, called the Integrated Workload Management System, was created to help review, implement, and track defense contracts. Despite awarding $46.6 million over three years, the project was not even half finished when the agency abruptly and indefinitely stopped all development work on the system in May 2017. Nevertheless, the agency declared the software operational in September 2017 and is now using it. (An agency spokesperson says the agency kept contract costs down to $44.9 million.)

At least $17 million of the project’s funds was money the agency wasn’t authorized to spend—a violation of a budget law called the Antideficiency Act. In addition, neither the project cost nor the amount of unauthorized spending include any in-house costs like government labor, which weren’t tracked but would likely add millions to both. The investigation also found evidence that one employee had “willful intent to violate” the law.

The investigation was initiated by the agency’s then-director, Lieutenant General Wendy Masiello. (In August 2017, she joined the board of defense contractor KBR.) The investigation identifies nine responsible individuals, six of whom hold or held senior leadership positions: the former director of information technology, comptroller, director of contracting, former chief general coun-

An old and ineffective data system, and both Deputy Director Marie Greening and a former agency director, Charlie Williams. Several of the responsible individuals no longer work at the agency; to date, none of the nine have been formally disciplined. When reached for comment, an agency spokesperson stated that as the investigation was ongoing, “It would be premature to take any disciplinary action until the Agency has all the necessary information.”

POGO contacted or attempted to contact these current and former senior leaders and other individuals involved. Most did not respond to the requests for comment or referred POGO to an agency spokesperson. The agency’s former director of information technology, Jacob Haynes, who was criticized heavily in the investigative reports, told POGO that he attributed the agency’s failures to attempting to move too quickly through a new and complex process. He said that “no one wanted to do anything wrong,” and that he relied on the judgement of his subordinates, the legal department, and procurement staff for the decisions he made. He retired last year, and says he was not pushed out of the agency.

After POGO reached out to the agency for comment, the agency launched a leak investigation into who provided POGO the information.

**A “Conflict of Interest”**

Like agencies across the federal government, the Defense Contract Management Agency sought to replace an old and ineffective data system with something newer and more capable purchased from the private sector. The agency got the ball rolling in 2011 with a contract paying a company called Apprio to conduct a study on what a “Model Contract Management Office” would look like and to “identify relevant technology.” The next year, Apprio’s contract was expanded to envision a replacement for the old software system.

Things started going south for the software project in mid-2013, when Apprio won a contract worth more than $3 million to begin testing and developing software for the replacement system. Because Apprio had helped design the project’s requirements, they should have been ineligible for subsequent contracts to implement those designs. Regulations prohibit this to ensure that a contractor is not tempted to misrepresent the needs of the agency in order to sell more of its own products or services down the line. The preliminary investigative report found this was an “organizational conflict of interest violation” that raised “serious concern over contracting practices and processes within DCMA.”

Because the contract involved spending more than $1 million on a system the Defense Department uses to manage its resources, then-Director of Information Technology Haynes needed approval from the Pentagon’s deputy chief management official. The official rejected Haynes’ initial request, citing missing documentation and other flaws, and asked him to resubmit it. Despite not having the Pentagon’s approval, Haynes “knowingly had” the contract awarded to Apprio, according to the preliminary investigative report.

**“Rubber Stamps”**

During testing over the next several months, Apprio’s software “failed to properly integrate” with the agency’s other systems. The agency then turned to another company, Discover Technologies, for a solution. (Apprio continued working on other aspects of the project in a more limited capacity.) Problems arose even before the contract was signed. According to the preliminary report, the documents Haynes provided to the Services Acquisition Review Board to get approval for the contract appeared “deliberately misleading,” as they left out cost estimates that might prompt questions such as whether the Pentagon had approved the necessary funds—which it had not. Instead of catching the problems, the board received and approved the contract on September 28, 2013, and reap proved it each year through 2017.

Additionally, the board failed to conduct a formal review of the Discover Technologies contract before approving it, and the preliminary report says that board personnel consistently “did not understand what was being communicated” by Haynes and others in the IT department, “and therefore either stopped asking questions or failed to ask” any at all. This tendency extended beyond the Discover Technologies

---

9 Draft Final Report, pp. 5, 10.
11 POGO interview with Jacob Haynes, former DCMA Director of Information Technology, on August 14, 2018.
14 Preliminary Report p. 4.
15 Preliminary Report, p. 12
contract. “In the absence of any questions or objections,” the preliminary report continues, “approvals were rubber stamps,” with the board approving 95 percent of IT submissions on first attempt. (The agency restructured and renamed the board in June 2018, an agency spokesperson told POGO.

If it had done a thorough review of the Discover Technologies contract, the review board might have caught numerous problems. For example, the agency used the wrong type of contract: a “Blanket Purchase Agreement,” which is intended for recurring needs for straightforward supplies or services, not the type of complex software modifications Discover Technologies would be performing. Certain documents were also missing, and the contract’s requirements were vague, overlapping with work already assigned to Apprio.

On the last day of the fiscal year, two days after the review board approved the Discover Technologies contract, the Pentagon approved spending about $6.3 million on the software project over the next year. Hours later, the agency awarded the contract. The last-minute approval, according to the preliminary report, was “contrary to regulatory and statutory intent.”

The draft final report explains there was “pressure in contracting to get contracts awarded at year end,” leaving insufficient time to plan and properly craft the project’s requirements.

“No Oversight”

For the next three years, Haynes consistently spent more—sometimes far more—than he had approval to, and also paid for the project with the wrong account, a “color of money” violation. With respect to the type of funding used, Haynes said he relied on legal guidance, which he described as “gospel” despite having not read it, according to the preliminary report. The investigation determined that the legal guidance was based on “two important false premises” that led the agency’s legal department to give bad advice justifying the use of the wrong type of funds.

As for the repeated overspending, the preliminary report attributes this in part to the fact that there were “essentially two budget offices with a separate one in IT,” and “there was no oversight of the IT budget personnel by the [agency] budget office.” This meant the agency’s own budget office didn’t know the agency was spending more money than it was authorized to. Disturbingly, Pentagon budget officials also didn’t adequately keep track of the numbers or talk to each other, so one office kept giving away more money than the other had authorized. Given this dysfunction, similar overspending could be happening at other Pentagon agencies, the draft report states.

When the independent investigator questioned those involved with the matter, “several witnesses were deliberately vague in responses”; the investigator also found “record-keeping is a systemic and significant problem in certain areas” of the agency, including IT and contracting. The report notes that when interviewed, the primary contracting official “[could not] recall discussions from any meetings he attended.” Haynes, according to the draft final report, was “evasive” in interviews.

In a phone conversation with POGO, Haynes said he was forthcoming with the investigator.

“Stonewalling”

A press release from November 2016 boasts of the system’s rapid development with “minimal resources.” However, over the ensuing months, agency director Lieutenant General Wendy Masiello “became concerned with the spending...and what progress was actually being made,” according to the draft final report. The report describes Haynes as “stonewalling” and “not forthright” when the director asked about the project. On March 8, 2017, she ordered that all development work stop until her concerns were addressed. By then, the agency had spent around $45 million on the project, not including government labor costs. A few weeks later, she chartered a “Turn Around Team” with the goal of resolving the critical problems in the IT department’s financial management and contracting processes.

The Turn Around Team reported some of its findings in May 2017, informing Masiello that the project
had far exceeded its funding, used the wrong type of funds, and was far behind schedule. While the internal Turn Around Team continued its work, Masiello hired an outside investigator to conduct an official administrative investigation into the financial violations, and requested that the Pentagon’s Inspector General audit the contract management issues. The administrative investigation resulted in the preliminary and draft final reports POGO obtained.

“Some of the agency’s foul-ups on the project indicate ‘a serious systemic problem within the organization’ and raise ‘serious concern over contracting practices and processes within DCMA.’”

Two weeks after the Turn Around Team’s briefing, Vice Admiral David Lewis replaced Masiello. (“She retired at the end of her normal cycle for her rank and assignment,” an agency spokesperson told POGO.29)

After POGO requested comment from the agency’s spokesperson on these issues, an investigator from the agency’s internal audit office called asking how POGO obtained the information about the mismanagement. POGO refused to discuss the matter.

“Not Aggressive”
On April 25, 2018, the Pentagon’s Inspector General released their report. The watchdog examined a sample of the IT department’s contracts and reported that the vast majority were severely mismanaged: out of 14 contracts, the agency improperly administered 13. The report notes that Lewis agreed with the findings and has begun implementing its recommendations.30

Previous Defense Department Inspector General reports have found fault with other parts of the agency’s contract management. Five reports in as many years have found significant problems with the agency’s performance, ranging from paying contractors when they shouldn’t have to not any, motivation for contractors to improve their business systems, and ultimately has a direct impact on the warfighting mission.32

While the agency has in many cases not been zealous enough in protecting taxpayer interests, parts of the agency have at times seemed more willing to hold contractors to a higher standard. Examples in recent years include withholding payments from Lockheed Martin, Northrop Grumman, and Sikorsky.33

The extent to which the agency mismanaged its own contracts is still coming into focus. An April 2018 memo from the head of the agency’s compliance division describes additional financial violations in other parts of the agency’s IT department. That memo estimates there may be an additional $37 million in Antideficiency Act violations on top of the $17 million confirmed by the administrative investigation. The memo also acknowledges that the final sum will likely be significantly higher, as several parts of the IT department had not been reviewed yet.34

When reached for comment, a spokesperson emphasized that the agency “self-reported” these issues and sought outside help to resolve them.35

Even so, the author of the final report concluded the agency’s problems were so systemic and serious that they—the Pentagon’s contract managers, who handle about $5 trillion in contracts—couldn’t be trusted to issue contracts of their own.36

34 CFO Memo, pp. 3-4.
35 DCMA Comment.
Hidden Foreign Influence at the Witness Table
Despite Requirements to Disclose, Witness Forms Miss Foreign Funding Sources

BY LYDIA DENNETT

On any given day, it’s not uncommon to see experts from various Washington, DC, think tanks testify at Congressional hearings. On everything from Middle East policy to nuclear nonproliferation, Congress relies on these experts to provide outside input and help shape future U.S. policy.

A Project On Government Oversight investigation into compliance with a rule that requires witnesses to disclose any financial ties to foreign governments they may have has found numerous loopholes that keep Congress and the public in the dark about the extent of foreign governments’ financial relationships with Congressional witnesses. The House of Representatives had adopted the rule, which obligates non-governmental Congressional witnesses to disclose foreign funding when it relates to the subject of the hearing at which they’re testifying, after multiple investigations revealed some think tanks had been receiving millions in funding from foreign governments, with little or no disclosure.1

Representative Jackie Speier (D-CA) proposed the rule change in response to a 2014 *New York Times* investigation by Eric Lipton, Brooke Williams, and Nicholas Confessore, which detailed the extent of foreign government donations to prominent DC think tanks.2 The piece highlighted questions about whether such organizations would be required to disclose those relationships under the Foreign Agents Registration Act (FARA), a law that requires foreign lobbyists and public-relations managers to register with the Department of Justice.

The *Times* investigation elevated concerns raised in a 2007 *Harpers* exposé by Ken Silverstein (who is now a journalist-in-residence at POGO).3 After the *Times* story, lawmakers grew increasingly concerned that think tanks might be pushing the perspectives or agendas of their foreign funders without disclosing the relationship.

“While this funding may not distort the testimony of these witnesses, this financial support should be disclosed for Members to appropriately assess potential conflicts,” Representative Speier stated.4

All non-governmental witnesses are required to file “Truth in Testimony” forms disclosing specific information about any U.S. government grants or contracts they have received. The 2015 House rule simply added a requirement that such witnesses also disclose any grants or contracts they or their organization have received in the last two years from a foreign government related to the subject of the hearing. That wording is weaker than Representative Speier intended, as what is related to the hearing can be subjective and compounds the bias problems inherent to self-reporting.5 Furthermore, the House Rules Committee has issued guidance to some think tanks that if their experts are invited to testify as individuals rather than as representatives of the organization, they do not have to disclose the institution’s funding. This creates a huge loophole in the disclosure requirement.

The names of some of the biggest DC think tanks are synonymous with independent, fact-based research and writing. However, there is no requirement for think tanks to disclose their funders, foreign or otherwise, which makes it difficult to know who has a stake in their work.

POGO wanted to determine if the rule works as intended to capture how foreign-government donations to think tanks could color the analysis of Congressional witnesses. To do so, POGO reviewed all publicly available Truth in Testimony forms filed by non-governmental witnesses appearing before the three primary

---

4 Remarks by Representative Jackie Speier (D-CA), regarding “Amendment on Disclosures of Payments from Foreign Governments,” 2014.
5 113th Congress, Resolution amending the rules of the House of Representatives, September 15, 2014.
Ambiguity in Self-Reporting Creates Unintended Loophole

The House rule requires witnesses to disclose “any Federal grants or contracts, or contracts or payments originating with a foreign government, received during the current calendar year or either of the two previous calendar years by the witness or by an entity represented by the witness and related to the subject matter of the hearing.”6 POGO’s review shows that some expert think-tank witnesses use a very narrow definition of “related.”

For example, in reviewing forms filed by Atlantic Council experts testifying before the House Foreign Affairs, Armed Services, and Appropriations committees, POGO found that none included any disclosure of foreign funding related to the subject of the hearing.

Yet in its 2017-2018 annual report, the Council, which describes itself as “a nonpartisan group of foreign policy change-makers,” lists over a dozen foreign governments or foreign-government-owned companies as major donors of $25,000 per year or more.7 In fact, the government of the United Arab Emirates (UAE) donated at least $1 million to the Council in 2017, more than any branch of the U.S. government did.8 A conservative estimate of all of the Atlantic Council’s foreign-government donations for 2017-2018 is approximately $2,585,000, based on the low end of the stated ranges, but it’s impossible to know how much the donations totaled by just looking at the organization’s Truth in Testimony forms alone.

In some instances, that foreign funding could be relevant to a hearing’s subject, even if the country of origin is not directly named. For instance, testimony on “Reforming the National Security Council” or “Defeating Terrorism in Syria” may not directly relate to any of the Council’s numerous foreign donors, but some who give money would have an interest in the outcome: the UAE certainly has an interest in Syria, having been involved in supporting both sides of the Syrian civil war.9

Testimony from the Center for Strategic and International Studies (CSIS) demonstrates how the rule does not fully capture instances where foreign donors could have interests in U.S. policies. CSIS describes itself as “a bipartisan, non-profit policy research organization dedicated to providing strategic insights and policy solutions to help decisionmakers [sic] chart a course toward a better world.”10 Part of that mission includes testifying before Congress: CSIS representatives testified before the House Committee on Foreign Affairs 21 times between 2016 and 2018.11

“We see congressional testimony as an opportunity to help members of Congress think more strategically about the global environment and full transparency is an important part of that process,” a CSIS spokesman told POGO.12

In 2016, the organization reported a $43.8 million operating revenue, with 27 percent of that funding coming from “government,” but it’s one of many think tanks that only provide general information on the sources of their funding.13 The ranges of funding reported are unusually broad, including all donations between $5,000 and $99,999 in one range before jumping to $100,000-$499,999 and finally to $500,000 and above. A conservative estimate of all CSIS’s foreign-government donations for 2017-2018 is approximately $1,930,000. One 2016 Truth in Testimony form states that the organization received $1,739,500 from the governments of Japan, Taiwan, and Vietnam since 2014.14

Letting think tanks decide for themselves if a donor is relevant to the subject of a hearing can allow for an overly narrow interpretation of the rule—a determination that is particularly hard to make when a hearing is globally or regionally focused.

6 House Rule § 798(5)(B)
8 The U.S. government enters into grant or contract agreements with think tanks when it wants research done on a particular topic.
9 Testimony of the Honorable David C Miller Jr., Non-Resident Senior Fellow, The Atlantic Council, before the House Foreign Affairs Committee on “Reforming the National Security Council,” September 8, 2016; Testimony of the Honorable Frederic C. Hof, Director Rafik Hariri Center for the Middle East, Atlantic Council, before the House Foreign Affairs Committee, on “Defeating Terrorism in Syria,” February 14, 2017.
13 Interview by Lydia Dennett, Project On Government Oversight, with H. Andrew Schwartz, Chief Communications Officer, Center for Strategic and International Studies, August 22, 2018.
The Personal Capacity Loophole

Some think tank experts distance themselves from their organization’s foreign donors by saying their testimony and statements represent their personal views and not those of their organization. For example, witnesses associated with the Brookings Institution testified before the House Foreign Affairs Committee seven times between 2016 and 2018, and in all but one case the witnesses responded “yes” to having accepted money from foreign governments. All witnesses affiliated with the think tank handled the disclosure in the same way. Each Truth in Testimony form filed by a Brookings witness includes a link to reports that outline Brookings’ donors and a statement reading:

Consistent with the Brookings Institution’s commitment to independence (which includes not taking institutional positions on issues), I am hereby informing the Committee that my testimony represents my personal views and does not reflect the views of Brookings, its other scholars, employees, officers, and/or trustees. [...] Furthermore, out of an abundance of caution, I have affirmatively responded to questions 5 and 6 above [the questions asking if the organization received U.S. or foreign government funding], in the event that some of the donors disclosed above are responsive to these questions. 16

Although the rule explicitly states that disclosures must include payments received “by the witness or by an entity represented by the witness,” some House committees seem to accept the distinction between individual experts and their parent organizations as a reason not to require disclosures. 17 A Brookings Institution spokeswoman told POGO that the organization developed its disclosure language in consultation with the House Rules Committee when the rule was first enacted. 18

The donor information Brookings links to in the disclosure form provides some detail but wouldn’t actually satisfy the requirements of the rule if disclosure were required. All of Brookings’ financial disclosures are broken down in ten ranges, starting with “up to $4,999” and culminating in “$2,000,000 and above.” 19 Based on these ranges, a conservative estimate of all of Brookings’ foreign-government donations for the first half of fiscal year 2018 is approximately $3,750,000.

While Brookings and those witnesses affiliated with it view their statements and testimony as separate from the views of Brookings itself, that may not be clear to Members of Congress or the public. The notion that they are separate is particularly at odds with how the witnesses are introduced and given credibility based on their position and work with the Institution. In several instances, Brookings-affiliated witnesses referenced Brookings reports or work in their testimony, and they were almost always introduced with their Brookings titles. In some cases, the hearings were directly related to Brookings’ foreign-government donors, such as Brookings Senior Fellow and Center for the U.S. and Europe Director Dr. Thomas Wright’s testimony at a hearing on Brexit the same year the organization received money from the United Kingdom. 20

Allowing witnesses to testify in an individual capacity, and therefore not disclose potential conflicts, while maintaining the prestige and credibility that comes with being affiliated with an organization like Brookings, is a huge loophole in the rule. The intent of the rule is to provide transparency into any relationships that may color the analysis presented in Congressional testimony. Regardless of the capacity in which an individual is testifying, they should be disclosing the financial relationships of their current employer.

Non-governmental witnesses are a vital part of the Congressional hearing process and many of those representing or affiliated with think tanks have spent their lives studying and learning the intricacies of their subject matter. Congress should value and utilize their expertise. Still, many of the biggest and most influential think tanks paint a picture of themselves as un-influenced and unbiased ivory towers of information without disclosing much, if any, information about how they maintain multimillion-dollar operating budgets. There’s no requirement for think tanks or nonprofits to publicly disclose their funding sources, which is why the Truth in Testimony rule is so important. Congress is besieged by special-interest representatives, lobbyists, and “consultants” every day. Understanding who has an interest in the information presented is necessary to making informed decisions.

17 House Rule § 798(5)(B)
18 Interview by Lydia Dennett, Project On Government Oversight, with Tracy Viselli, Senior Advisor for Strategic Communications, Brookings Institution, August 24, 2018.
20 Testimony of Dr. Thomas Wright, Director, Center for the U.S. and Europe and Senior Fellow, The Brookings Institution, before the House Foreign Affairs Committee, on “Brexit: A Negotiation Update,” December 6, 2017.
INSIDE

1  Space Force: A Historical Perspective Adding Bureaucracy Without Adding Capability
   BY DAN GRAZIER

6  MILITARY-INDUSTRIAL CIRCUS: War...By the Numbers
   Charting Progress in Afghanistan is Tough Without Data
   BY MARK THOMPSON

9  Pentagon’s Contracting Gurus Mismanaged Their Own Contracts
   BY DANIEL VAN SCHOOTEN

13 Hidden Foreign Influence at the Witness Table
   Despite Requirements to Disclose, Witness Forms Miss Foreign Funding Sources
   BY LYDIA DENNETH

Brass Parachutes
Defense Contractors’ Capture of Pentagon Officials Through the Revolving Door