Dear CDI Supporters,

We are at a watershed moment in the national security field. Prominent Republicans, both inside of Congress and in the think tank world, have surprised many in Washington by calling for significant cuts to the defense budget at the start of the 118th Congress. Yet at the same time, Chinese provocations have set the stage for an intense budget battle that will be framed as a new Cold War — and I can guarantee you that contractors and the military industrial base will be pushing for a record level of defense spending this year.

But regardless of where you stand on the political spectrum, the truth is that all of this is coming at a time when the United States is already spending more than the next nine countries combined on “defense.” Meanwhile, the Pentagon has proven itself to be wholly inadequate in protecting the interests of Americans and exercising any real fiscal responsibility. For instance, we know that, just last year, the Pentagon’s incomplete audit revealed that the Department of Defense was unable to account for some 61% of its total $3.5 trillion in assets.

With that in mind, the questions of “What is necessary to keep America safe?” and “What will it cost?” have never been more important. The Pentagon budget soared to $847 billion last year (which will likely be the starting point for this year’s budget), and Americans cannot afford to just trust that the U.S. national security apparatus has their best interests in mind.

The good news is that our team at the Center for Defense Information is hard at work to investigate waste, fraud, and abuse in the defense budget, bring transparency to critical national security decisions, and build a serious defense policy — one based upon reality, not political dynamics or corporate interests.

In the pages ahead you will see some of our critical work focused on debunking the inflated China threat that is driving defense spending towards $1 trillion a year; exposing the military’s plans to shed battle-tested weapons systems to buy unreliable and expensive new systems from contractors that have proven themselves incapable of delivering weapons on time and on budget; and analyzing the challenges and opportunities facing our community this Congress.

We have our work cut out for us, and there are more issues, tips, and reports coming in every day. But there is a real opportunity, right now, to make a difference.

In the year ahead, I hope to be able to share more of our staff’s expertise and impact with you, especially some of our forthcoming work regarding a realistic strategy towards China, oversight of U.S. arms sales and transfers overseas, and the shameful treatment of non-citizen veterans in this country by the immigration apparatus and officials within the Department of Homeland Security.

Please consider supporting us in this work. Your commitment is essential to our success.

Together, we can work to build a more responsible, accountable, and effective national security policy.

Regards,

Geoff Wilson
China Threat Inflation and America’s Nonsensical Plans

BY DAN GRAZIER

Given rising tensions between the United States and China, CDI’s Dan Grazier investigated the situation and asked: Just how much of a threat does China really pose?

INTRODUCTION

For years, politicians, military leaders, and industry-funded think tanks have raised the specter of the imminent military threat posed by China. A rising China does pose unique challenges for the United States, as what is now the most populous country asserts its place on the world stage. The United States has reigned supreme economically since eclipsing the United Kingdom in 1870, but China’s rate of growth over the past four decades means its economy may surpass that of the United States within 10 years. It is now the largest trading partner with most countries, the largest manufacturer, and the most critical node in the global supply chain.

China’s size and economic growth have given the country strength, but have its leaders used their recently acquired wealth to build a military force capable of projecting military power away from their territorial waters?

Few people in official Washington seem to be asking this question. Instead, the starting point for most conversations is: China is a military threat and the United States needs to spend vast fortunes to meet it. But starting from this premise creates a dangerous situation. As U.S. and Chinese leaders attempt to jockey for position in the western Pacific region for influence and military advantage, chances of an accidental escalation increase. Both countries also risk destabilizing their economies with the reckless spending necessary to fund this new arms race, although the timing of just such a race is perfect for the defense industry. The U.S. is increasing military spending just at the moment the end of the War on Terror threatened drastic cuts.

Realistic assessments are needed today, rather than overwrought doomsday pronouncements. That is the only way to craft a rational policy to maintain peace and global economic stability.

CHINA’S INHERENTLY DEFENSIVE STRATEGY

Political and military leaders around the world watched the coverage of the 1991 Gulf War. They watched as American high-tech weapons accurately struck targets from beyond...
the horizon, and mechanized ground forces used satellite navigation to carve a path across unmarked deserts to catch the Iraqi defenders off guard as they were overrun from an unexpected direction. The world’s leaders learned that it would be foolish to attempt to fight the United States on equal terms.

As the noted military strategist David Kilcullen writes, the United States’ potential military rivals have adapted to address the American advantage in traditional military power. “Our enemies have figured out how to render it irrelevant, have caught up or overtaken us in critical technologies, or have expanded their concept of war beyond the narrow boundaries within which our traditional approach can be brought to bear,” he wrote in 2020.

The Chinese are no exception in this regard. While their leaders have ramped up military spending in the past two decades, the investments being made are not suited for foreign adventurism but are instead designed to use relatively low-cost weapons to defend against massively expensive American weapons. The nation’s primary military strategy is to keep foreign powers, and especially the United States, as far away from its shores as possible in a policy the Chinese government calls “active defense,” what it labels the “essence of the [Communist Party of China]’s military strategic thought.”

The centerpiece of this military strategy is the network of land-, air-, and sea-launched weapons meant to “dissuade, deter, or, if ordered, defeat third-party intervention during a large-scale, theater campaign.” This defensive network is known as Anti-Access/Area Denial, or A2/AD. It consists of shore-based missiles capable of striking ground or naval targets out to 4,000 kilometers, and an anti-ship missile with a range of 1,500 kilometers that can be fired from mobile launchers on the ground or from aircraft. To defend against aircraft, the Chinese have fielded missile systems with a maximum range of 170 kilometers. The Chinese People’s Liberation Army Air Force and the Naval Air Force operate a mix of aircraft to complete this defensive system. Most of the aircraft are older, based on Soviet designs, but the fleet does include a small inventory of modern J-20 fighters which are roughly equivalent to the F-22 and F-35.

The Chinese deploy these A2/AD weapons to create a defensive buffer extending outward from the Chinese coast. In many discussions about China’s intentions, the strategy is understood to create an exclusion zone inside the so-called “first island chain.” This defensive line extends from the southern tip of Japan through the Ryukyu Islands, past the western edge of the Philippine Islands, and then curls around the edge of the South China Sea. Taiwan, notably, sits inside this line.

Beyond adopting a military strategy to defend what they consider their sphere of influence, the Chinese also want to protect extensive commercial interests. In the same way the U.S. Navy patrols the waters around the globe, the Chinese have built a fleet of navy and coast guard vessels to help maintain their freedom of navigation. “The Chinese state and society have come to depend on free access to and free use of the seas for their well-being and even their survival. That reliance has compelled Beijing to develop durable commercial and military means to nurture and protect the nautical sources of China’s wealth and power,” writes Toshi Yoshihara and James R. Holmes in their influential book about 21st century naval strategy, Red Star Over the Pacific.

China’s leaders may very well want to defeat the United States in a strategic sense, in that they want to become the preeminent global power. But it is highly unlikely they will use military means to accomplish that goal. Indeed, they will almost certainly go to great lengths to avoid a direct military conflict, as they have as much to lose as anyone in such a scenario.

China’s economy relies heavily on foreign trade, especially with the United States. As noted geographer Peter Zeihan has written, without the United States, “China loses energy access, income from manufactures sales, the ability to import the raw materials to make those manufactures in the first place, and the ability to either import or grow its own food.” Since most export goods move by sea, any disruption to freedom of navigation will have a negative economic impact. China is much more likely to wage war on every level below direct military conflict.

**THE CHINESE NAVY’S ACTUAL CAPABILITIES**

China’s ability to become a leading world power hinges on its ability to control its maritime destiny. The Chinese State Council Information Office articulated the country’s guiding principle this way:

> It is necessary for China to develop a modern maritime military force structure commensurate with its national security and development interests, safeguard its national sovereignty and maritime rights
and interests, protect the security of strategic [sea lines of communication] and overseas interests, and participate in international maritime cooperation, so as to provide strategic support for building itself into a maritime power.

One of the data points used to bolster the China threat argument is the relative size of the two naval fleets, but not all fleets are created equal. In terms of the number of ships, the People’s Liberation Army Navy (PLAN) is significantly larger than the U.S. Navy. It has a fleet of approximately 355 battle force ships, while the U.S. Navy has 292. Of these, only 248 were in active commission as of September 2022. According to federal law, a battle force ship is any commissioned vessel or support ship capable of contributing to combat operations. The discrepancy between the Chinese fleet and the U.S. fleet is already striking, but it will likely only grow in the coming years, and that simple fact will undoubtedly continue to be exploited by defense hawks. The Chinese are expected to grow their naval fleet to 460 ships by 2030, with that growth concentrated in battle force ships.

While the raw data may seem alarming, they hardly tell a complete story. What the U.S. fleet lacks in total numbers it more than makes up in tonnage. The relative weight of a fleet is significant because it indicates the sailing range and purpose of the fleet. Larger ships are needed for longer voyages, since they can carry more fuel and munitions. For instance, the U.S. Navy’s global mission necessitates larger ships capable of spanning oceans and operating away from friendly shores and land-based defenses.

The Chinese fleet combined displaces approximately 1,854,000 tons, less than half of the total tonnage of the U.S. Navy. The difference is easy to see when comparing similar vessel types. The Chinese Type 052D destroyer, known as the Luyang III-class in the West, is equivalent to the American Arleigh Burke-class guided missile destroyer. The Luyang III-class ships displace 7,500 tons when fully loaded, while the most recent Arleigh Burke-class ships displace 9,496 tons.

The larger American ships give the fleet a significant advantage in a number of areas, including the capacity to launch cruise missiles. U.S. surface ships have more than 9,000 vertical missile launch cells, compared to the 1,000 in the Chinese fleet.

When it comes to submarines, the Chinese force is about the same size as the U.S. Navy’s, but the two differ significantly in capability. The Chinese Navy has at least 66 submarines and is expected to add another 10 by 2030. The bulk of the Chinese submarine fleet is the 55 diesel-powered attack submarines. The rest of the force consists of seven nuclear-powered attack submarines and four ballistic missile submarines. The U.S. Navy has a total of 71 submarines, with 53 fast attack submarines, 14 ballistic missile submarines, and four guided missile boats. All of the U.S. Navy’s submarines are nuclear powered, which gives them greater range and the ability to patrol longer. Additionally, Chinese submarines are relatively noisy in the water. That makes them easier to detect with the Sound Surveillance System, a series of underwater microphones deployed around the western Pacific to listen for submerged vehicles. According to a study by Mike Sweeney, a fellow at the Defense Priorities think tank, “it is likely no Chinese nuclear attack submarines can leave that area without detection.”

The Chinese Navy can get away with smaller, less capable ships and submarines since its fleet is designed to operate as part of a combined arms force close to the Chinese mainland. Should war ever come, the Chinese fleet will operate under the protection of the land-based missiles and aircraft that make up the A2/AD defensive network. This combination would make any attack against the Chinese costly, perhaps prohibitively so. Although today’s Chinese missiles are mobile and easy to conceal, most are limited to striking targets that are hundreds of kilometers away, rather than thousands. This combination is one best suited to defending territory that China considers under its sphere of influence, and it would be effective. For instance, in war games simulating a Chinese invasion of Taiwan conducted by the Center for Strategic and International Studies in 2022, intervening American forces lost more than 900 aircraft — about half of the current Air Force and Navy inventory — and a large part of the U.S. Navy’s surface fleet.

But here’s the good news: This strategy isn’t one that’s effective on the offense. China’s navy becomes significantly less formidable should it ever venture away from its home waters.

You can read the rest of Dan’s report at pogo.org/china-threat-inflation. And keep your eyes peeled for Part II, focused on what a realistic U.S. naval strategy could look like, coming soon!

ABOUT THE AUTHOR: Dan Grazier is the Senior Defense Policy Fellow at the Center for Defense Information at POGO.
Legislators have their work cut out for them this Congress. Great-power competition, war in Ukraine, and inflation all threaten to increase defense spending. And while budget conversations around America’s debt have sparked recent debate over defense cuts, meaningful action to eliminate Pentagon waste remains elusive.

Combatting waste is a political football that lawmakers carry down the field when it’s good for optics, but never bring to the end zone. The allure of expensive weapons that don’t work is simply too great for Congress. Ironically, cutting Pentagon waste is the first step to adequately addressing the most pressing defense challenges of our day.

Great-power competition, war in Ukraine, and the defense industry’s insatiable thirst for “inflation relief” aren’t going anywhere. As the political sense of urgency to address these challenges grows more demanding, their associated budgetary strains will only become more taxing. Lawmakers cannot allow bad politics to rule good policy, especially now. They will be hard pressed to advance significant Pentagon reforms in a divided Congress, but cutting waste is the best way to start. It’s good for the taxpayer, the Pentagon, and a Congress that consistently fails to perform its basic function: wielding its powers of the purse to advance more effective policy.

Thankfully, Congress has many of the answers it needs to cut Pentagon waste. The Government Accountability Office (GAO), the Congressional Budget Office (CBO), and groups like the POGO have done lawmakers’ homework for them.

As of late last year, the GAO had 84 open recommendations to improve operations at the Department of Defense alone. Those recommendations include 22 targeted at Pentagon acquisitions and contract management, which are essential as the United States continues to arm Ukraine. Weapons acquisition and contract management are also both included in the GAO’s High Risk List because of these processes’ vulnerability to waste, fraud, and abuse.

Budget fights about America’s debt may be politically divisive, but they have also sparked renewed public interest in Pentagon waste. Take, for example, the Navy’s “Very Expensive Mistake” (also known as the Littoral Combat Ship).

Recently, the New York Times discussed the Littoral Combat Ship in the Daily, a podcast downloaded by millions every day, and in its Sunday review. The Times detailed the Navy’s most recent proposal to ditch several of the ships because they’re not fit for purpose. The paper also highlighted the outsized role industry lobbyists had in convincing Congress to reject that proposal. Parochial interests prevailed then, but that doesn’t mean lawmakers can’t do the right thing this Congress and allow the Navy to rid itself of the expensive, and useless, ships.

Of course, lawmakers are well advised to advance broader Pentagon acquisition reforms too. POGO cautioned against the Littoral Combat Ship years ago because the Pentagon consistently fails to complete its due diligence before sinking money into new weapons. Now taxpayers and the Department of Defense are facing the consequences for the Littoral Combat Ship, a mistake that could easily have been avoided with data-driven acquisition at the Pentagon.

Lawmakers have a serious opportunity to advance a knowledge-driven process that requires the Pentagon to evaluate a (completed) design and conduct a thorough risk evaluation before committing taxpayer dollars to a new weapons system. In the meantime, cutting funding currently wasted on programs like the Littoral Combat Ship would provide a divided Congress with firm common ground to alleviate budgetary strains. Ultimately, tightening its purse strings would force Congress to challenge dominant narratives around the country’s most pressing national security threats, making for a more effective national defense strategy in the process.

ABOUT THE AUTHOR: Julia Gledhill is an analyst for the Center for Defense Information at POGO.
Documents Show Air Force Leaders Shirking Their Close Air Support Responsibilities

Our latest investigation is a critical one. This winter, CDI discovered that the Air Force was moving to turn its back on the close air support mission as it continues to prioritize new and unproven, but high-tech, weapons systems over reliable, battle-tested ones. It’s a mistake. And, as our investigation shows, it will be troops on the ground who’ll have to deal with the consequences.

BY DAN GRAZIER

Documents recently obtained by the Project On Government Oversight cast serious doubt on the Air Force’s commitment to supporting ground troops. The Air Force has the responsibility per well-established executive agreements to provide the Army with effective close air support. But its leaders are much more interested in performing missions they consider more important and in focusing the spotlight on their service’s accomplishments. Their lack of commitment to supporting ground troops is laid bare in the official training guidance provided for commanders of the F-35A, the largest and most expensive weapons program in history, and one that is supposed to be the tactical workhorse of the Air Force for decades. The document that details training requirements for F-35 operational groups shows that Air Force leaders do not currently require F-35 pilots assigned to active duty, reserve, or National Guard squadrons to perform any close air support training. This is a remarkable omission for an aircraft program that Pentagon leaders and defense industry officials sold as a direct replacement for the combat-proven A-10.

The Pentagon defines close air support (CAS) as “air action by fixed-wing and rotary-wing aircraft against hostile targets that are in close proximity to friendly forces and requires detailed integration of each air mission with the fire and movement of those forces.” Dropping bombs and firing rockets and guns at targets close enough to friendly ground troops that they can feel the blast effect is the most delicate combat role of military aviation. The mission is vital to the success of military operations, and the A-10 — an attack aircraft specifically designed to support ground troops, flown by pilots specialized in the mission — has proven itself innumerable times in combat.

Even a prominent and outspoken F-35 test pilot and program booster, Billie Flynn, acknowledges how delicate the close air support mission is. “In an Iraq or Afghanistan type scenario, when you need bullets or weapons close to friendly troops, dropping weapons from 25,000 feet will not be acceptable.” Flying low to deliver weapons effectively and safely in support of ground troops requires a great deal of training by both the pilots and the ground controllers coordinating the efforts of the air and ground forces.

But the training directives issued by the Air Force show its leaders are hardly willing to lift a finger to fulfill one of their key responsibilities.

Air Force leaders lay out general training directions to commanders for one or two year increments in documents called “Ready Aircrew Program Tasking Memorandums.” The memorandums tell group commanders what missions pilots should be trained to do and how many sorties they are to fly to gain proficiency. The guidance is different for active duty, National Guard, and Reserve pilots. The required number of sorties is based on experience level and the role each pilot has in the squadron.

The most current version of the memorandum for the Air Force’s F-35
inexperienced combat-mission-ready F-35 pilot to fly 68 offensive counter air training sorties during the current 24-month period, or 34 a year.

The memorandum categorizes close air support as a secondary mission, or one in which the pilots merely need to be familiar. Yet it is difficult to see how even that low bar can be achieved because, according to the memorandum, Air Force leaders do not require any close air support training sorties for F-35 pilots. Just to drive home the point: No F-35 pilot of any experience level in any component of the Air Force is required to fly a single close air support training mission in 2023 or 2024.

The memo also details required simulator training during the same time period. F-35 pilots are required to fly dozens of simulated missions, but not a single one is a close air support mission.

The only F-35 pilots likely to experience any close air support training are the few attending the Air Force’s premier pilot course. Even this small caveat provides further evidence of the Air Force leadership’s lack of commitment to supporting ground troops. The Project On Government Oversight obtained a syllabus for the Air Force’s Weapons Instructor Course at Nevada’s Nellis Air Force Base. The course is the Air Force’s version of the U.S. Navy’s “Top Gun” course made famous by the two eponymous movies. According to the course description in the syllabus, students attending the course receive graduate level classroom and flight instruction to prepare for joint operations, particularly close air support, does not appear to be genuine based on a review of the course of study laid out in the syllabus.

These documents show Air Force leaders are not doing much to train their pilots to support ground troops.
acquisition chief, further confirmed the F-35 would fill the close air support role, but said it would do so very differently from the A-10.

Air Force leaders are certainly fond of saying close air support is a capability, not a platform. General Arnold Bunch Jr., then the head of Air Force Materiel Command, reiterated his service’s commitment to the mission at the Air Force Association’s Air, Space & Cyber conference in September 2021, saying close air support “is not an airplane. We have done CAS with B-52s, with B-1s, with F-16s, with F-15Es. We can do CAS with many platforms. We are not stepping away from our commitment as a service to provide close air support to support members.”

It is true that aircraft other than the A-10 can be pressed into service to support ground troops, but the capability only exists if pilots are trained to perform it. These documents show Air Force leaders are not doing much to train their pilots to support ground troops.

The Project On Government Oversight reached out to the Air Force to find out how it intends to fill the close air support role when its leaders did not see fit to include any relevant training requirements for F-35 pilots, and to find out why they consider the close air support role to be a secondary mission. A spokesperson responded, saying, “Close Air Support (CAS) is a required element of the F-35A Ready Aircrew Program (RAP) designed to align with the latest Combined Forces Air Component Commander (CFACC) expectations. Additionally, CAS training sorties require integration with a forward air controller (FAC) to be an effective training event.”

The Project On Government Oversight submitted questions to the Army and to the secretary of defense’s office to get their reaction, but both agencies did not respond to our requests for comment.

THE VALUE OF ATTACK AVIATION

After Congress created the Air Force as an independent service in 1947, James Forrestal, the first secretary of defense, gathered all the top military leaders to assign roles and missions to each of the services. The specific functions of each were agreed to and clearly laid out, and then-President Harry Truman approved the resulting agreement in 1948, making it a formal order from the commander in chief. Per the agreement, the Air Force is to “furnish close combat and logistical air support to the Army.”

Starting in the 1920s, leading airmen ignored or marginalized the close air support role and instead pushed the idea that military aviation led by aviators could win wars independently from ground or naval forces. Air Force leaders fought against close air support during the negotiations over the Key West Agreement, and gave little priority as they built up the United States’ air capacity.

Up until the 1970s when the A-10 program was fielded, the Air Force did not regularly maintain the capability to provide close air support because it didn’t have a permanent cadre of trained units ready to support the ground forces each time the U.S. entered a conflict. Pilot skills eroded completely, and Air Force aviators had to scramble to improvise a close air support capability while under fire in each operation — World War II, the Korean War, and Vietnam. Meanwhile, many troops on the ground died because they lacked the air support they needed. The lack was particularly egregious during the Korea conflict.

The Air Force never was able to provide effective close air support in that war, having lost that capability in the five years after the end of World War II. The ground forces fighting for their lives on the peninsula in the early 1950s had to depend on the Navy’s pilots for close air support.

The Air Force seemed to have learned its lesson at long last, so that by the onset of the 1991 Gulf War, America finally had an effective close air support force — the A-10 — on the first day. The Air Force retained a close air support capacity through the Afghanistan and Iraq conflicts.

The F-35 training memorandum shows that Air Force leaders are yet again largely ignoring their responsibility to support ground troops, in clear violation of long-standing orders.

Moreover, seeing how Air Force leaders prioritize training sorties for a multi-role aircraft like the F-35 shows just how valuable the A-10 program has been through the years: Having an aircraft program specifically designed to fill the attack role in the Air Force provided a home for specialist pilots who devoted their careers to working closely with ground forces. Because the A-10 is not a multi-role aircraft, Air Force leaders could not task A-10 pilots to train for other missions. That simple fact provided the attack pilot community the breathing room necessary to develop techniques and procedures to effectively work with ground forces and to sharpen their skills.

Continue reading at pogo.org/air-force-leaders-shirking.

ABOUT THE AUTHOR: Dan Grazier is the Senior Defense Policy Fellow at the Center for Defense Information at POGO.
Inspectors general play a key role in combatting waste, fraud, and abuse of power. Since 2015, the Pentagon budget has increased by over $200 billion, and the Department of Defense has failed to pass a single clean audit. That’s why it’s unbelievable that from 2016 to the end of 2022, there was no full-time watchdog at one of the most powerful and (often) wasteful departments in the country.

As the 117th Congress came to a close, CDI saw a window of opportunity to push this essential confirmation ahead. The following is an excerpt from the letter we sent to then-Senate Majority Leader Chuck Schumer (D-NY):

The American people cannot afford to go any longer without a permanent inspector general at the Department of Defense, and leaving this nomination in limbo all but assures that this will be the case. Storch has already made it through Senate confirmation on a bipartisan basis; further delay of his nomination now is inexcusable.

The geopolitical landscape has changed quite a bit since the last Pentagon watchdog stepped down in 2016, and the United States needs a full-time Department of Defense inspector general to address a rapidly growing Pentagon budget amid rising strategic competition.

The security challenges of today will not wait for a better political landscape tomorrow, and we cannot afford a lapse in oversight and accountability with so much on the line.

This was a critical win for the country and the national defense NGO community.

In reporting on Robert Storch’s confirmation, many news outlets noted CDI’s letter, which, along with the work of our government affairs colleagues at POGO, helped push the confirmation over the finish line. See our impact in this excerpt from Defense News:

SENATE CONFIRMS PENTAGON WATCHDOG AFTER SEVEN-YEAR VACANCY

BY BRYANT HARRIS

NOV 30, 2022 | WASHINGTON

The Senate on Wednesday confirmed Robert Storch to serve as the Defense Department inspector general in a 92-3 vote, making him the first Senate-confirmed official to assume the role since Jon Rymer left the post in January 2016.

The vote comes one day after the Project on Government Oversight, a Washington-based watchdog group, sent a letter to Senate Majority Leader Chuck Schumer, D-N.Y., urging the Senate to confirm Storch’s nomination.

“We are deeply troubled by the fact that the Department of Defense has operated without a permanent inspector general for almost seven years — the longest gap in Pentagon history,” Geoff Wilson, the director of the Project on Government Oversight’s center for defense information, wrote in the letter.

“During that time, Pentagon spending has increased by more than $200 billion,” he added. “In the past nine months alone, the United States has committed over $65 billion to assist Ukraine in its fight against Russia, much of which flows through the Pentagon.”
Halting Contractor Handouts

Working with allies on the Hill, CDI played a critical role in turning back attempts to get more money for weapons contractors looking for inflation-based bailouts. After learning of reports that contractors were lobbying to dismantle fixed price contract guardrails, CDI’s Julia Gledhill petitioned the Department of Defense for communications, ultimately discovering that the Pentagon had no information that indicated inflation was negatively impacting these contracts. Here’s some of an analysis Julia wrote for POGO on the issue:

Contravening existing law to give defense contractors a hand out will inevitably increase the risk of Pentagon waste.

According to the Government Accountability Office, weapon acquisitions are already at high risk. Part of this risk stems from the Pentagon’s insufficient risk assessment of the industrial base, and its general lack of due diligence prior to advancing acquisition programs. As a result, contractors are over budget and behind schedule more often than not. The DOD has yet to implement open GAO recommendations to address cost overruns and delivery delays in weapon acquisitions, so increasing contract prices only opens up more taxpayer dollars to waste.

Worse, Pentagon bloat welcomes further corporate price gouging of the military.

Defense corporations already rip off the Pentagon by exploiting accountability loopholes in contracting regulation — loopholes industry lobbyists helped create over the past several decades. In so doing, companies now have greater ability to legally withhold certified cost and pricing data from the Pentagon. According to the [Federal Acquisition Regulation] FAR, such data is “accurate, complete and current data from offerors to establish a fair and reasonable price.” It is the Pentagon’s best tool to negotiate good contracts because it prevents companies from overcharging the government. The Senate provision to increase military contract funding because of inflation does not require certified cost or pricing data from companies. In fact, it lacks any safeguards against corporate price gouging at all.

Julia’s work on this issue received significant media attention and helped spur the Pentagon to publicly respond to a letter from Senator Elizabeth Warren (D-MA) cautioning against increasing military contract funding because of inflation. The DOD confirmed the senator’s and CDI’s suspicions that it had not received “any analyses or data” from the defense industry to justify contract adjustments, other than what had been provided to the general public. The department also said it did not plan to enact policies to increase military contract prices based on inflation at that time.

However, the fight on this issue continues: A small provision was “air-dropped” into the annual NDAA during closed door conferencing that could allow for a broader industry bailout based on inflation, this time without congressional input.

Keep your eyes peeled for more CDI work on this issue!

The Bunker, a precision-guided e-newsletter, targets your inbox most every week. Written by POGO national security analyst Mark Thompson, The Bunker is both pro-troop and pro-taxpayer; skeptical but never cynical.

POGO invites you to enlist so you can get The Bunker guided your way each week. Visit act.pogo.org/a/bunkerdm to sign up!
The Project On Government Oversight (POGO) is a nonpartisan independent watchdog that investigates and exposes waste, corruption, abuse of power, and when the government fails to serve the public or silences those who report wrongdoing. We champion reforms to achieve a more effective, ethical, and accountable federal government that safeguards constitutional principles.

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