

Gates dominates defense debate



WHEN SECRETARY OF DEFENSE ROBERT M. Gates revealed drastic cuts in U.S. military programs on April 6, some in Washington called it “Black Monday.”

There were glimmers of good news for a few defense contractors in Gates’ 3,442-word announcement and in the press conference that followed, but the tidings were grim for builders and supporters of many items of military hardware. The Air Force’s F-22 Raptor and CSAR-X combat rescue helicopter will be killed off if Gates’ recommendations win approval at the White House and on Capitol Hill.

Gates was announcing the Defense Dept.’s recommendations to the president, something no defense secretary has done before. The usual practice is for an administration to announce its budget proposal, which is sent to Congress only after the president has endorsed it. In the days following the announcement, it became increasingly obvious that he was, in fact, speaking for the administration and that opponents of Gates’ decisions would face an uphill fight.

The Pentagon boss was not merely cutting programs. He was announcing that henceforth the U.S. will concentrate on unorthodox brushfire wars and not conventional conflicts between nation states. “The ‘small war’ school

won,” says retired Marine Corps Lt. Col. Walter Donovan, an author and analyst. “The ‘big war’ school lost.”

At every level of government, leaders in Washington are divided over Gates’ emphasis on counterinsurgency warfare at the expense of traditional “peer” conflicts. Gates’ admirers say an emphasis on small wars is long overdue and point to the unorthodox, small-scale tactics needed when the Navy battled pirates off the horn of Africa in April. His critics argue that the U.S. must maintain readiness for larger conflicts.

In Washington, there were varied reactions to Gates’ decisions.

F-22 Raptor

Gates will cap F-22 production at 187 airframes, including four inserted into supplemental legislation after the FY09 defense appropriations bill was passed. The last plane will be delivered in 2011. Military officers were hoping the secretary would keep F-22 production alive and had quietly urged production of 243 aircraft. Though Gates appears to have won over many of those expected to oppose his decision, Sen. Saxby Chambliss (R-Ga.) and retired Lt. Gen. Michael Dunn of the Air Force Association are among key figures who are likely to fight for more F-22s.

Initially, many in Washington believed Chambliss and Dunn would have more company—foretelling a battle between the administration and F-22 supporters in Congress, with industry lobbying hard for more of the fighters. As time wore on, however, that battle was beginning to look more like a skirmish at most. The top two bosses of the Air



The budget would cap F-22 production at 187 copies.

Force, Secretary Michael Donley and Chief of Staff Gen. Norton Schwartz, published an April 13 “op-ed” column in the *Washington Post* titled “Moving Beyond the F-22,” widely interpreted as a signal that they would refrain from opposing their boss behind his back as they had been expected to do. The chief financial officer at Lockheed Martin, Bruce Tanner, said on April 21 that the F-22’s prime contractor accepts Gates’ decision. “We’ve had our hearing and will go forward,” said Tanner.

Donley and Schwartz were in an especially difficult situation, having supported a larger F-22 force up to the day of Gates’ announcement. In their op-ed piece, they cited budget realities, saying, “Buying more F-22s means doing less of something else.” But Gates had said he was seeking to bring about real change, not to save dollars, and had dismissed the funding argument, saying, “My decisions have been almost exclusively influenced by factors other than simply finding a way to balance the books.”

Gates, Donley, Schwartz, and Tanner all say the decision to accelerate



Secretary of Defense Robert Gates

production of the F-35 Lightning II Joint Strike Fighter will ease some of the pain of the F-22 decision and save some jobs. Both Lockheed Martin and Boeing have roles in manufacturing the F-22; final assembly takes place at the government-owned facility in Marietta, Ga., operated by Lockheed. The primary contractor for the F-35 is Lockheed, with no participation by Boeing.

CSAR-X

Gates will cancel the Air Force's planned CSAR-X program for 144 combat search and rescue helicopters to replace 101 HH-60G Pave Hawks. He will request a joint review of CSAR roles across the four military service branches before seeking a new solution to combat rescue. Although the Air Force in 2007 chose the HH-47 Chinook assembled in Philadelphia by Boeing, that decision was overturned last year and a new CSAR-X competition had been anticipated this spring.

"We canceled a platform. We didn't cancel the mission," Air Force chief Schwartz said in an April 16 speech, although many in Washington believe otherwise. His words were of little comfort to members of the Air Force who fear that Gates is taking away not just a helicopter but the combat search and rescue mission itself. Gates has spoken of relying on theater commanders to use whatever forces they have available when a combat rescue is needed. When Air Force pilot Capt. Scott O'Grady was shot down in Bosnia in 1995, the on-scene commander made a decision to rescue him using Marine Corps assets.

C-17 Globemaster III

In this budget, production of the C-17 airlifter will end at 205 aircraft. The C-17s perform the strategic airlift mission alongside 126 larger and more capable but less reliable C-5 Galaxy transports. The 205 figure is at the low end of a fleet mix recommended in the Air Force 2005 Mobility Capability Study, which the Government Accountability Office later said underestimated mobility needs.

After a handful of overseas sales are



Air Force Secretary Michael Donley and Chief of Staff Gen. Norton Schwartz

fulfilled, including one C-17 for the United Arab Emirates, Gates' decision will bring an end to aircraft assembly at the Boeing (formerly Douglas) assembly plant in Long Beach, Calif., which manufactures no other product.

VH-71A helicopter

The VH-71A program for a new presidential helicopter, called Marine One whenever the chief executive is aboard, is also on the chopping block. The contract for 28 copies was awarded in 2006 for an aircraft based on the AgustaWestland EH-101, to be assembled in Waco, Texas, by Bell Helicopter. Lockheed Martin, which would have integrated systems aboard the finished aircraft at Owego, N.Y., is the prime contractor.

The program had been behind schedule and over budget, mostly because of retroactive requirements for security and communications equipment, but the first five VH-71As were almost ready to enter service. Experts had expected the requirement for equipment to be pared back but for a bare-bones version of the helicopter to survive.

President Obama, while acknowledging that he had "never had a helicopter before," said the current VH-3 Sea Kings, built by Sikorsky and now 30 years old, seem adequate.

Airborne laser program

As part of a plan to reduce the Missile

Defense Agency's FY10 budget by \$1.4 billion, Gates is changing what had been a weapons development effort into a research program. He will cancel a second YAL-1A (Boeing 747-400F) airborne laser aircraft and use the first one purely for research.

"The ABL program has significant affordability and technology problems, and the program's proposed operational role is highly questionable," Gates said.

The YAL-1A is designed to carry a chemical oxygen iodine laser (COIL) mounted in an articulated nose turret. The COIL will in theory destroy ballistic missiles during the boost phase by heating their skin until it cracks. Critics say the YAL-1A was intended for Operation Desert Storm in 1991 when Saddam Hussein's forces were firing Scud missiles at Kuwait, Saudi Arabia, and Israel, a situation unlikely to recur.

Virtually every milestone in the program, beginning with the plane's first flight (in 2000 instead of 1999) has been behind schedule. Officials once said the YAL-1A would cap off its initial test program with a real-life shutdown of a Scud-type ballistic missile in 2003, something that has not happened yet. A 2004 audit by the Government Accountability Office listed technical snags and schedule delays and questioned whether the system would ever be able to achieve its stated purpose, which requires flying a large, slow aircraft with a huge radar signature close to enemy territory. Moreover, say some observers, progress with other antimissile systems may have made the ABL irrelevant.

TSat and other programs

Gates is terminating the \$26-billion Transformational Satellite (TSat) program managed by the Air Force and intended to produce a secure, high-capacity global communications network for use by the DOD, NASA, and U.S. intelligence agencies. Gates and other critics have cited cost and technical delays, but TSat advocates say the program suffered all along from inadequate funding.

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Most experts believe the existing U.S. communications satellite network is adequate for the foreseeable future. The prime contactor for TSat is Boeing.

Other programs marked by Gates for curtailment or termination include the Navy's DDG-1000 warship, the Army's Future Combat System, and MDA's Terminal High Altitude Area Defense multiple kill vehicles.

The plus side

On the positive side, the defense secretary intends to keep alive the Air Force's quest for an air refueling tanker, accelerate production of the F-35, restart production of the DDG-51 Aegis destroyer program, increase the size of the Army and Marine Corps, and boost intelligence, surveillance, and reconnaissance (ISR) programs and aircraft.

The emphasis on ISR includes the Air Force MC-12W, a reconnaissance version of the Beech 350ER King Air turboprop plane, 37 of which are being acquired on very short notice. Gates proposes a robust fleet of 55 Navy Littoral Combat Ships.

Having thrown down the gauntlet to Congress and industry, Gates toured Capitol Hill, visited legislators' offices, and then embarked on a trip to four military service universities, talking up his proposed FY10 budget while lawmakers went into recess. "Several analysts said they could not recall another defense secretary hitting the road to sell a budget plan," wrote John T. Bennett in the trade journal *Defense News*. Bennett

wrote that experts were using words like "remarkable" and "savvy" to describe Gates' deft salesmanship.

Quadrennial review

On his return to the capital, the secretary continued preparations for next year's Quadrennial Defense Review (QDR), which will have to answer questions left open by his announcements. The QDR will determine whether the Air Force will develop a new bomber: Gates is against it at present, but the Air Force has a statutory obligation to make a bomber operational by 2018. The QDR may also address the possibility of resuming production for U.S. use of "legacy" fighters such as the F-16 Fighting Falcon to fill an anticipated fighter gap of up to 350 aircraft in both the Air Force and the Navy.

More important, the QDR will lay out a broad pattern of future strategies and policies and will define how to achieve them. At the core of QDR debates will be the "small war" versus "big war" argument. For now, Gates has won the debate on the nation's need to prepare for combating rogue elements, not nation-states with traditional armies. But he may have difficulty making his argument stick.

Early reactions

Gates' efforts to implement his procurement plans hit an important albeit short-lived impediment. Sen. Richard Shelby (R-Ala.), taking advantage of a rule that permits even a single senator to block a nomination, was holding up the choice

of Ashton Carter to become the Pentagon's top weapons buyer, replacing Bush administration holdover John Young. But the confirmation passed after Shelby and his colleague, Sen. Jeff Sessions, received assurances that, as acquisitions chief, Carter would not change the contract specifications for the air refueling tanker contract sought by Northrop Grumman, which would build the plane at Mobile in their home state of Alabama.

The nation's major contractors said they did not expect defense cutbacks to influence their accounting ledgers before the end of this year. Lockheed Martin profits slipped 8.8% for the first quarter, but the company says pension expenses dragged down its profits. Lockheed will lose F-22 and VH-71A income but will receive boosted funding for the F-35.

Boeing Military Aircraft delivered first-quarter operating earnings of \$282 million on \$3 billion in revenue. Analysts saw the loss of the Tsat program as a blow to Boeing, which had already been trailing in the government satellite business behind Lockheed and Northrop Grumman.

Northrop Grumman, less affected by Gates' decisions, reported first-quarter earnings up 48% to \$389 million compared to the first quarter of 2008. Boeing and Northrop Grumman are the likely competitors for the tanker competition that Gates wants to relaunch this summer.

NASA review

In early May the White House released the FY10 NASA budget, which came in at \$18.7 billion. Along with those numbers was a call from the president for an independent review of NASA's entire manned spaceflight program. The study, headed by former Lockheed Martin CEO Norm Augustine, includes an examination of the Constellation program, which is developing a replacement vehicle for the space shuttle to carry astronauts back to the Moon and later to Mars.

The review is meant to have a rapid turnaround, and findings are expected to be delivered to the president in August. The agency says work on Constellation will continue as the study proceeds.

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The secretary plans to accelerate production of the F-35 Joint Strike Fighter.