

EIR Feature

The United States industrial base— unfit for duty

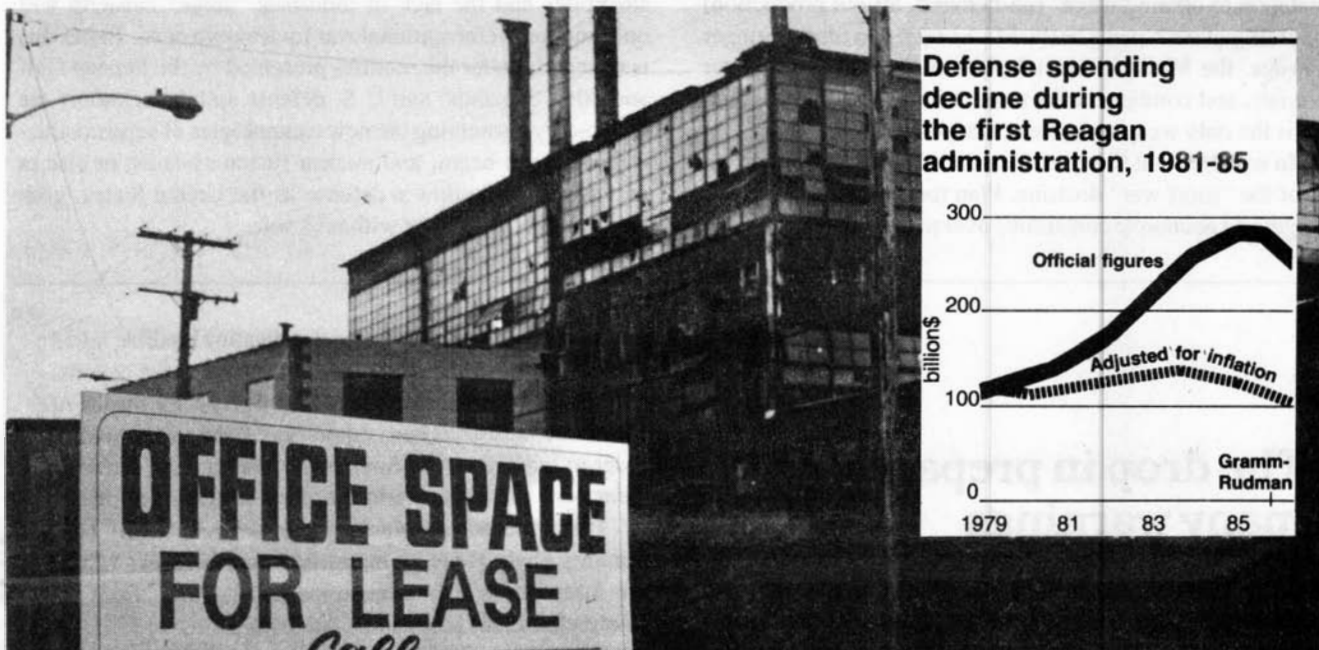
by Marcia Merry

Ten years ago, the Defense Department's Defense Science Board issued a warning report on the U.S. industrial base, stating that our "industrial preparedness could be used as an effective element in support of the nation's deterrent posture but it is not." Recommendations were made on how to intervene to renew the technological and production capacity of the country. (1976: "Industrial Readiness Plans and Programs.") But during the Carter administration, almost no proposals were implemented.

In 1980, the Defense Science Board conducted another warning survey report. (January 1981: "Summer Study on Industrial Responsiveness.") But during the new Reagan administration, almost no proposals were implemented. The Reagan campaign rhetoric had promised programs for a strong defense, but, in real dollar terms, defense spending stagnated, then declined after 1982. By the beginning of the second Reagan term of office, it was estimated that the Soviet Union was spending at the rate of \$25 billion a month on defense—constituting preparations for actual war—yet the U.S. rate of defense spending, adjusted for inflation, had sunk to \$13 billion a month in real dollar terms. As of 1982-83, the percent of the U.S. workforce engaged in some form of manufacturing fell to 46% of the workforce, down from 66% in 1967, and 76% in 1947.

The historic announcement on March 23, 1983 by President Reagan of the commitment to the Strategic Defense Initiative, marked a potential turning point to reverse the decline of the U.S. industrial base, by initiating a mobilization for advanced energy beam technologies that would spread through, and revive, the entire economy. But the persistent underfunding of the program has contained its vast spin-off potential. In May 1987, Secretary of Defense Caspar Weinberger released a report on the scientific progress of the SDI program, and its potential spin-offs, but with no effect on Congress.

Today, no special survey by the Defense Department is required to demonstrate the depth of erosion of the industrial base of the country. Every day headline news stories document the military-related results of the general industrial decline, including the decline of the "high-tech" end of manufacturing:



An abandoned factory in Pennsylvania. Officials warn, the capacity for "surge production" in event of war-time emergency is no longer there.

- As of Aug. 24, one-third of the completed MX missiles lacked their electronic guidance systems because of delays in their production. Northrop Corp., the major contractor, cannot deliver them until sometime next year. The MX missiles cannot be deployed without their guidance systems. Of the precision electronics needed for guided missiles, 2% are imported. During the 1980s, the Department of Defense has come to obtain 80-90% of its semiconductors from abroad.

- The M-60 tank, the B-1 bomber and lesser vehicles and weapons systems are now found to be jeopardized by faulty fasteners—nuts, bolts, and screws—used in their construction. Out of 10,000 tanks, weak bolts have immobilized 1,220. Almost all the steel nuts and bolts used by the military are imported, and a high percentage of the specialty-metals fasteners are also imported.

- Of the 54 B-1 bombers in the B-1 fleet today, only one is on alert, because of the volume of technical and repair problems. Air Force officials say it will be 1990 before 30% of the new strategic bombers can be kept on alert. Air Force technicians have resorted to cannibalization of grounded planes to obtain needed spare parts.

The most dramatic example of the lack of U.S. industrial-military depth is the challenge posed by the deployment needs of the U.S. military presence in the Persian Gulf. The minesweepers now being towed to the Gulf (they could not be relied upon to get there under their own steam) date from the Korean War. The two U.S. oil tankers soon to be flagged in Kuwait for strategic reasons, constitute a significant percentage of the total reserve U.S. tanker and dry cargo fleet—merchant or naval—because of the drastic decline in the U.S. merchant marine and shipyard capacity. The present-day U.S.

merchant fleet numbers only about 400 vessels, and the mothball fleet is down in numbers and condition.

Should the United States need to deploy forces in another strategic conflict zone—a likelihood under present world conditions—the strain on reserve marine capacity would be overwhelming.

In contrast, the Soviet "merchant marine" numbers about 3,000 vessels—almost all built to military specifications.

The typical response of Congress to the deteriorated condition of the military-industrial base of the country is to call for more scrutiny of the process of procurement and contracts, and ignore the emerging economic disaster. Congress heard testimony on the industrial base crisis as recently as July this year, but refused to initiate any action. They instead concurred on a FY 1988 defense budget that is an absolute reduction, given inflation, over last year. The sum of \$296 billion has been agreed upon between both houses, subject to a tax increase clause. Meantime, the Senate and House are haggling over how much to slash the SDI and other critical budget categories. Republicans in the Senate are filibustering the budget to protest the Democrats' demand to limit weapons testing in deference to the Soviets. The fiscal year may end Sept. 30 with no approved budget, and, under a continuing budget resolution, the FY 1987 funding levels will obtain, at \$289 billion annually.

On July 28, Gen. Richard H. Thompson (USA-ret.) testified to the House Subcommittee on Economic Stabilization that today's Army would run out of supplies after only a few months of intense fighting because there is no national production base to support it. Thompson pointed out that in FY 1986 and 1987, Congress deleted funding requests by the

Pentagon to obtain "surge" (on-demand, all-out production) capability of such items as the M1A1 tank gun tubes, Stinger missiles, the Multiple Launch Rocket System, Sidewinder missiles, and combined effects munitions. The TOW II missile is the only weapons system funded for surge.

In reality, what Congress demands is the strategic insanity of the "short war" doctrine: Plan for a short war because budget and economic constraints over many years dictate that

stockpiles and the lack of industrial "surge" capacity will only support a conventional war for a month or so. Either this is changed, under the realities presented by the Persian Gulf and other demands, and U.S. defense and the economy are restored by harnessing the new technologies of superconductivity, energy beam, and nuclear fusion systems; or else, a nation with as hollow a defense as the United States, goes down to defeat, with or without a war.

The drop in preparedness: many warnings

1976: "Industrial Readiness Plans and Programs" study by the Defense Science Board (DSB) Task Force:

"The Task Force also questioned whether the defense industrial base is capable of accelerating the production of weapons (e.g., tanks, artillery, tactical aircraft, helicopters, etc.) and many critical consumables and spares beyond peacetime delivery rates within acceptable time frames. The response time for many major weapons systems is on the order of 18 months to two years or more for the first additional delivery over the peacetime rate. Insufficient money is being spent each fiscal year on Industrial Preparedness Measures (IPM) and Industrial Preparedness Planning (IPP) to bring the defense industrial base to the point where it can contribute increased production in support of the forces in the time needed to support possible conflicts. Present and expected War Reserve Matériel (WRM) stocks are inadequate to support certain conflicts of short duration, and the defense industrial base is incapable of accelerating production rates rapidly enough to make the offsetting contribution in that time.

". . . For these and other reasons developed during the study, the Task Force has concluded that the time has come to reenergize our national planning in order to use our position as the preeminent industrial and technological nation in the world to adequately support our national security objectives. Industrial preparedness could be used as an effective element in support of the Nation's deterrent posture but it is not. Warning signals of enemy intent can frequently be discerned long before strategic or tactical warning can be perceived. The U.S. has essentially three strategic options available to it: 1) to deter strategic war, 2) to deter a theater war with conventional or nuclear weapons, and 3) to conduct military R&D programs which will enable us to maintain a dynamic deterrent. The industrial and economic resources of the U.S. could be em-

ployed as an additional means of indicating credible intent to the Soviets and thereby inhibit their threatened actions. At present, there are no plans or programs by means of which the industrial base could be caused to respond in order to indicate to the Soviets our intention of deterring them from exercising various of their strategic options."

1981. "Report of the Defense Science Board 1980 Summer Study Panel on Industrial Responsiveness." From the information memorandum, Feb. 2, 1981, from the Board chairman, Norman R. Augustine:

"The objective of the study was to investigate the state of industrial responsiveness to support current acquisition needs. An added task involved an investigation into inflation factors in weapon systems; this was more thoroughly addressed in a follow-on effort, the findings of which validate conclusions in the attached DSB report.

"The Task Force's principal finding is that since this area was last reviewed by a DSB panel (Nov. 1976) it has been given little effective attention by the DoD and Congress. Meanwhile, the ability of industry to respond to defense needs has deteriorated and costs continue to increase. Other findings are that the instability in programs has often made Defense business less attractive to industry than commercial work, and many disincentives exist which discourage the capital investments needed to reduce costs, improve productivity and enhance industrial responsiveness.

"This DSB effort became the subject of testimony before the House Armed Services Committee (HASC) and led to the formation of a special Defense Industrial Base Panel chaired by Congressman Ichord. The HASC report is entitled 'The Ailing Defense Industrial Base: Unready for Crisis.' "

1987. July 28, hearing in the House Subcommittee on Economic Stabilization, testimony from William G. Phillips, vice president of the National Council to Preserve the U.S. Industrial Base:

"We still lack for an effective industrial preparedness strategy and policy capable of being implemented by the government departments and U.S. industry. . . . [There has been] a dangerous weakening of the U.S. defense industrial base, particularly at the second and third tier subcontractor levels."