

Defense production on the critical list

by Chris White

That the United States has reached a critical turning point, insofar as its economic capacity to produce what it requires to defend itself is concerned, was the theme of a report issued Sept. 20, during the course of the Air Force Association's Arlington, Virginia conference.

Prepared by the Air Force Association and the U.S. Naval Institute's Military Database, the report, "Lifeline in Danger: An Assessment of the United States Defense Industrial Base," makes hair-raising reading on two counts. Firstly, it establishes that without a sea-change in economic policy as a whole, the United States will not much longer be capable of defending itself, let alone the worldwide alliance it still leads. Secondly, the institutional capabilities through which what passes as policy is channeled, are suffering from an advanced case of ossification of their collective central nervous system.

The profile is stark: "The 'Arsenal of Democracy' that the U.S. built to support and sustain the armed forces in World War II is gone. . . . The defense industrial base, as it presently exists, is inadequate to a dangerous extent. . . . Defense procurement no longer dominates industrial development of high technology products. The market now is driven by commercial demand, not by military considerations."

More worrisome, however, is the insertion, almost in the same breath, of the corrosive pessimism of outlook, to the effect that "no serious defense professionals advocate reconstituting it"—i.e., the Arsenal of Democracy—and "The cost and other factors involved would be insurmountable under the conditions of today." And, as the first conclusion of the report: "It would be a mistake for the United States to seek complete independence for its defense industrial base. For many reasons, led by financial ones, this is impossible."

None of these assertions stands up to the test of truth. There are "serious professionals" who advocate reconstituting

the arsenal of democracy. The costs are not prohibitive. Actually the reverse ought to be considered the case. The costs of not doing it—meaning the end of the republic and the alliance—are what is actually prohibitive. And since the financial system, which is said to make things impossible, is in the process of collapsing itself, new options exist on that front, rather than constraints.

In one way this is the tired old rhetoric of the party line of the second Reagan administration: "We're sorry, we'd like to do something about it, but under present budget constraints, it's impossible because it costs too much," as applied to AIDS, health in general, education, the national infrastructure, in the form of transportation and power grids, water supply, and sanitation. Thus the world has been left to go to hell. With that kind of thinking, nothing else laid out in the report is going to work.

On the other hand, though, such constraints can also be set aside as simply the effluvia of the political bureaucratic environment within which such work is accomplished. Since the report devastates all of the claims that have been made about both the economy, and the nation's defenses over the past years, lip service to the prevailing party-line imposed on the bureaucracy as if a loyalty oath, is strictly secondary.

What emerges very clearly from the report is that the defense industries of the country don't function any more, because the economy as a whole doesn't function any more. That's at least a welcome dose of reality to counter the manic obsessiveness of the insistence that, reality to the contrary, the economy has been undergoing nearly 70 months of uninterrupted growth. The question that is therefore posed, in the guise of determining what to do to maintain defense capabilities, is in fact the question of the economy as a whole.

Numerous examples from all phases of the production process make this clear, including from areas that are not

generally considered to be part of the military's concerns. One of these is the pharmaceutical industry. The shocker is that which has become the refrain for many U.S. industries over the last years. "FEMA [Federal Emergency Management Agency] has identified several bulk drugs used to make finished dosage drugs for which there are no apparent U.S. suppliers. These include atropine sulfate, epinephrine hydrochloride, diazepam, and furosemide. For bulk tetracycline, digoxin, diphenhydramine HCl, ether, insulin, and morphine sulfate, there is only one U.S. source."

Otherwise, the destruction in the machine tool industry, the fastener sector, ship-building, semi-conductors, and precision optics are cited, along with critical dependencies both in strategic raw materials and in oil supply, along with the collapse of research and development and education, as the principal areas of concern. After that elaboration, there isn't too much left.

In each of the cited areas, the United States no longer produces for itself, or is significantly dependent on foreign supplies. In the area of precision optics, critical for "laser range-finders for tanks, high resolution photographic equipment for satellites, and many present and future needs of the Strategic Defense Initiative . . . foreign made elements made up more than 50% of Defense Department consumption in 1986, and 98% of U.S. consumption as a whole." As far as sources of optical glass are concerned, like the bulk pharmaceuticals cited above, there is only one remaining U.S. supplier, employing just 1,600 workers.

Machine tools, where the import dependency is over 60%; shipbuilding, where the United States no longer produces dry or liquid cargo merchant vessels, and can only count on 134 useful vessels when U.S. flagged merchant-men are combined with U.S.-owned ships sailing under flags of convenience; and semiconductors, where the destruction of household electrical and electronics industries has undermined the base to support military applications, are quite well known.

Beyond "growing concern in the United States about these dependencies," the reports says that "an additional cause for alarm is that the United States does not know how bad the situation is. The July 1988 Defense Department report says that the Pentagon 'does not know the extent to which foreign-sourced parts and components are incorporated in the systems it acquires' and that there is no reliable system even to identify such dependencies, not to mention systems to minimize them."

Among the package of proposals to deal with the crisis are: the establishment of a Presidential Commission "to chart a course" for the defense industries; a Defense Department investigation, "all the way to the end of the supplier and subcontractor chain" to identify foreign dependencies, and overlaps between domestic capabilities and foreign suppliers in what is called "surge" production requirements. Most interesting is the proposal to conduct a "command post exercise" to "diagnose and demonstrate the state of the defense indus-

trial base."

The precedents for this are a 1978 exercise called "Nifty Nugget," which tested the ability to mobilize, deploy, and support the armed forces, with disastrous effect: "400,000 troops were lost when ammunition and supplies did not arrive. Military Airlift Command received validated requests to move the same unit to 27 different places," and a more recent exercise designed to test the security of airbases. "A similar CPX could do the same for the present problem. . . . If conducted in the near future the results will be shocking. It would, however, provide credible answers to some important questions, and it would be a most useful step in the long road back to defense industrial preparedness."

McNamara's lunatic legacy

The report's contrast between the mobilization policies effected to fight and win World War I, World War II, and the Korean War, with the so-called "surge" policies adopted during the Vietnam disaster, and maintained in the aftermath of that war, point by implication to the kind of solutions that need to be adopted. In the three successful cases, statutory instruments were developed to submit the entire national economy to the mission requirement of winning the war. In the Vietnam case, under Robert McNamara's "surge" doctrine, the economy was never put on a mobilization footing. Instead it was insisted that war-fighting requirements could be met out of excess and unused civilian and military dedicated capacity. The "surge" doctrine has retained its hegemony even while the entire economy has crumbled.

Now the matter is yet broader. In the late 1970s and early 1980s the question could still be posed whether the country needed a defense industrial capability or not. Despite the first Reagan administration's increased defense budgets, the question was, in practice, answered in the negative. Now the question is, "Do we want an economy, or not?" since we can't have defense production unless we are again prepared to develop the capacity that also permits production for the civilian economy.

It isn't as if there were any choice in the matter, but it is a measure of the insanity of the way things are ordered, that the question is even posed. To survive, emergency action is needed: firstly to reorganize the bankrupt and collapsing financial system; secondly, to work out an international division of labor, with the principal trading partners of the United States, under which new missions and markets are developed by means of which existing imbalances in existing patterns might be corrected to the benefit of all. The furthering of man's destiny in the conquest of space is one such area. The development of the southern hemisphere another. Each makes possible the regeneration of the defense industrial base. It won't function unless the country returns to the idea that the military-strategic purpose of maintaining defense, not financial or market dictates, governs military security policy in all aspects. That's Russia's approach, why not ours?