

Biden Wants to Put the US on Permanent War Footing

The new 'defense industrial strategy' is a boon for the arms makers, not so much for regular Americans

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The White House is steering the United States into a budgetary ditch it may not be able to get out of.

The Biden administration is [supersizing the defense industry](#) to meet foreign arms obligations instead of making tradeoffs essential to any effective budget. Its new National Defense Industrial Strategy lays out a plan to "[catalyze generational change](#)" of the defense industrial base and to "[meet the strategic moment](#)" — one rhetorically [dominated](#) by competition with China, but [punctuated](#) by U.S. support for Ukraine's fight against Russia and Israel's military campaign in Gaza.

Instead of reevaluating its maximalist national security strategy, the Biden administration is doubling down. It is [proposing](#) a generation of investment to expand an arms industry that, overall, fails to meet cost, schedule, and performance standards. And if its strategy is any indication, the administration has no vision for how to eventually reduce U.S. military industrial capacity.

When the Cold War ended, the national security budget [shrank](#). Then-Secretary of Defense Les Aspin and deputy William Perry [convened](#) industry leaders to [encourage their consolidation](#) in a meeting that later became known as the "Last Supper." Arms makers were to join forces or go out of business. So they ended up [downsizing](#) from over 50 prime contractors to [just five](#). And while contractors needed to pare down their industrial capacity, unchecked consolidation created the monopolistic defense sector we have now — one that depends heavily on government contracts and enjoys significant freedom to set prices.

In the decades since, contractors have leveraged their growing economic power to pave inroads on Capitol Hill. They have solidified their economic influence to stave off the political potential for future national security cuts, regardless of their performance or the geopolitical environment.

Growing the military industrial base over the course of a generation would only further empower arms makers in our economy, deepening the ditch the United States has dug itself into for decades by [continually increasing](#) national security spending — and by doling [about half](#) of it out to contractors. The U.S. spends more on national security than the next [10 countries combined](#), outpacing China alone by over 30%.

Ironically, the administration [acknowledges](#) in the strategy that “America’s economic security and national security are mutually reinforcing,” stating that “the nation’s military strength depends in part on our overall economic strength.” The strategy further states that optimizing the nation’s defense needs typically requires tradeoffs between “[cost, speed, and scale](#).” It doesn’t mention quality of industrial output — arguably the biggest tradeoff the U.S. government has made in military procurement.

Consider, for instance, the [B-2 bomber](#), the F-35 fighter jet, the Littoral Combat Ship, the V-22 Osprey, and many other examples of acquisition failures that have spanned decades. More recently, the Government Accountability Office has reported that while the number of major defense acquisition programs has fallen, both costs and average delivery time [have risen](#).

So what is the military really getting from more and more national security spending? Less for more: Fewer weapons than it asked for, usually late and over budget, and, much of the time, dysfunctional. Acquisition failures are a major reason the Congressional Budget Office projects that operations and maintenance spending will significantly [exceed](#) the rate of inflation for the next decade — a considerable budgeting issue for a military that seemingly has no plans to reduce either its force structure or its industrial capacity. Quite the opposite, in fact.

Biden’s new National Defense Industrial Strategy specifically states there is a need for the U.S. to “[move aggressively](#) toward innovative, next-generation capabilities while continuing to upgrade and produce, in significant volumes, conventional weapons systems already in the force.” Ironically, the military has spent [over two decades](#) developing the F-35, next-generation technology that the Pentagon [still hasn’t greenlit](#) for full-rate production.

Throwing more money at an industrial base comprised of businesses too big to fail won’t increase the quantity or quality of its output. But that’s exactly what the strategy urges. One of the priorities is to “[institutionalize supply chain resilience](#).” It’s an important goal, but one the administration proposes the Pentagon tackle, in part by investing in “[spare production capacity](#),” what the strategy defines as “excess capacity a company or organization maintains beyond its current production needs.”

But building factories to sit empty is not supply chain resilience. It’s wasting money on unnecessary infrastructure, creating a profit motive for arms makers to make more weapons. And for an industry constantly sounding the alarm about the need for [consistent “demand signals”](#) from Congress, the Pentagon’s plans to invest a generation of U.S. taxpayer money in “spare production capacity” sounds a lot like throwing the demand-

supply principle out the window. In that case, the U.S. might as well consider nationalizing the defense industry, which already lacks competition and relies almost entirely on the government. Why not eliminate the profit motive? It's not like making money drives contractors to produce quality products on time or within budget.

Besides supply chain resilience, another priority laid out in this strategy is "[flexible acquisition](#)." The [stated goal](#) is to reduce costs and development times while increasing scalability. In pursuit of that goal, the administration proposes "a [flexible requirements process](#)" for multiyear contracts, and the [expansion](#) of multiyear contracting writ large. It reasons that as priorities shift in an "[evolving threat environment](#)," so too should contractors' deliverables. But pairing flexible requirements with an increasing number of multiyear contracts is a [recipe for disaster](#).

Before Russia attacked Ukraine, multiyear contracts were [relatively rare](#) — limited to major aircraft and ships. The Congressional Research Service notes that estimated savings on these programs have historically fallen within the [range of 5% — 10%](#). But those are estimates, and they may not apply to [other munitions](#) now produced under multiyear contracts. The report also confirms that actual savings are "[difficult to observe](#)," in part because the Pentagon [does not track](#) the cost performance of multiyear contracts.

Just because multiyear contracting is more common doesn't mean it's [cheaper](#). And while the Pentagon argues that multiyear contracts give contractors the so-called demand signal they need to [ramp up production](#), contractors [don't usually spend](#) their extra money on identifying efficiencies or making capital investments to increase output at a lower cost — and the Pentagon isn't checking.

The strategy also [proposes](#) "aggressive expansion of production capacity." It notes that during peacetime, weapons acquisition tends to focus on "greater efficiency, cost effectiveness, transparency, and accountability." Taking caution not to assert that the United States is in wartime, the strategy contrasts peacetime acquisition policy with "today's threat environment," [calling for](#) "crisis period acquisition policy" that revitalizes the industrial base and shifts focus from efficiency and effectiveness to ensuring that military contractors are "better resourced." But contractors don't have a resource problem, and "crisis acquisition policy" puts the United States on a "[permanent war footing](#)."

Lawmakers must challenge the administration's maximalist national security strategy by interrogating its push to expand military industrial capacity so drastically. It's critical that they do, not only because the U.S. is limited in what it can produce and provide to other countries but also because arms industry greed is boundless — and without off-ramps or constraints, the U.S. government may find in 20 or 30 years that it's in a ditch it can't get out of.

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