

From Boeing to E-Ring: Shanahan Is Industry's Man in the Pentagon

Trump's nominee for secretary of defense could be the ultimate fox in the henhouse.

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John McCain is looking down on Washington and he is definitely not smiling.

The late senator had very little in common with the anti-interventionist principles of this magazine, but in the brighter moments of his 35-year career in Congress, he was the Senate's [most vociferous watchdog](#) of Pentagon waste and contractor malfeasance. His grilling of military brass in this area was legendary, and his willingness [to dress down an E-Ring four star or civilian executive](#) in front of the C-Span cameras makes today's congressional slobbering before the military high-hats look pathetic, and sad.

That's why he would be all the more crushed to see how the Blob is [apparently prepared to confirm](#) a recent senior executive at Boeing—the [second largest contractor in the entire federal government](#)—to the role of secretary of defense. Deputy Secretary of Defense Patrick Shanahan, who McCain, suffering at the time from brain cancer, suggested might be the fox guarding the henhouse, has been idling in the interim SecDef role since James Mattis just before Christmas. Now that a Pentagon Inspector General's report has quietly cleared him of charges that he was putting his thumb on the scales for billions of dollars of new work for Boeing, President Donald Trump announced Thursday that he will officially nominate Shanahan for the role of Pentagon chief, starting the clock on Senate confirmation.

This has raised the hackles of defense reformers who always saw Shanahan's presence at the DoD as the highest form of contempt: even by Washington standards, they see this as a bald display of industry influence on the levers of power and, ultimately, U.S. national security policy.

“Having promised to change nothing, to simply extend the massive spending policies initiated by Mattis, Mr. Shanahan is sure to be confirmed,” charged retired U.S. Army colonel and defense analyst [Douglas Macgregor](#) in an interview with TAC. “Keeping the money flowing without interruption is the sine qua non for success in the Senate Armed Services Committee.”

Critics point out that Shanahan has never been anything but a company man. His only experience in military and defense issues was as a program executive of contracts that sink billions of American taxpayer dollars each year into bloated weapons systems and increase shareholder value.

“Shanahan has zero government experience. He’s a defense corporation guy; his track record as deputy secretary is appallingly pro-MIC [military industrial complex],” [Pierre Sprey](#), longtime military watchdog and defense analyst, told TAC.

Armed with advanced degrees in mechanical engineering from MIT, Shanahan went straight to Boeing in 1986. After overseeing Boeing’s military rotorcraft (Apache, Chinook, and Osprey helicopters) and missile defense programs, he went onto the commercial side in 2007, where he was known as “Mr. Fix It” [for saving](#) the company’s 787 Dreamliner aircraft program. (More recently, he was forced to dodge any connection to 737 Max planes, which were falling out of the sky before a worldwide grounding.)

Shanahan was working at Boeing as a member of the Executive Council and as supply chain & operations vice president. He answered directly to the CEO, all the way up until Trump picked him to be the number two at the Pentagon in 2017.

“This is clear evidence that they are getting more and more brazen about putting in industry skills when they used to be a little leery of doing it,” said Sprey.

Interestingly, Shanahan’s nomination wasn’t altogether guaranteed after Mattis left in opposition to Trump’s announced withdrawal of U.S. troops from Syria in December. To start, Shanahan had institutional issues: Senator James Inhofe had earlier cast shade on the interim SecDef, saying he didn’t have as much [“humility”](#) as his predecessor.

And while he cannot do anything about it now, Senator McCain [gave Shanahan the business](#) during his confirmation hearings for deputy secretary in 2017. That came after what McCain called an “almost condescending”—and altogether weak—written answer to one of his questions, suggesting Shanahan should know more about the issues.

“The answers that you gave to the questions, whether intentionally or unintentionally, were almost condescending, and I’m not overjoyed that you came from one of the five corporations that receive 90 percent of the taxpayers’ dollars. I have to have confidence that the fox is not going to be put back into the henhouse,” [McCain, then Senate Armed Services Committee chairman, told Shanahan](#).

Later, he underscored a statement he made to the committee, telling the *Military Times* that he was wary of bringing so many executives into the Pentagon.

“I said I did not want people from the top five corporations,” said McCain. “We’ve had a couple, and that’s okay, but I don’t want [more of] them.”

In the same report, Senator Jack Reed, the ranking member on SASC, said there is “real concern about the concentration of these people.” He stopped short of saying it might derail nominees, calling it “a factor to be considered.”

“If you’re drawing from one sector alone, you get this groupthink possibility, which could be dangerous,” said Reed. While Reed said he believed at the time that no ethics rules were

being broken, “it’s hard after working for a major corporation for 30 years to separate the appearance—when you’re making a decision—that you’re being influenced by your prior employment.”

It would take another year for accusations to begin surfacing that Shanahan really was moving the needle for Boeing at the expense of its competitors, namely Lockheed Martin, the government’s [top contractor](#). The Pentagon Inspector General report opened an investigation in March of this year into complaints that Shanahan had been promoting Boeing in its bid to sell the Air Force eight new F-15X fighter planes in 2020 at the expense of Lockheed’s F-35 program. He has denied any undue influence, but after the Air Force budget included plans for 80 new F-15X over the next five years at \$7.5 billion—to a [mixed response](#) from Congress and even [the Air Force itself](#)—charges of Shanahan’s conflict of interest started rolling in.

[According to the official report](#), the IG investigated charges that despite his pledge to remove himself from any Boeing-related business, Shanahan had openly disparaged the company’s direct competitors, including Lockheed Martin CEO Marilyn Hewson, and called the F-35 aircraft “f—ed up” in one meeting. Aside from pushing for the F-15X sale, he was also accused of trying “to force General [Robert] Neller to buy Boeing F/A-18s, and threatened to cut other Air Force programs unless General [David] Goldfein supported buying Boeing F-15Xs.”

He also allegedly “involved himself” in the KC-46 aerial refueling and military transport aircraft by “weighing on” the Air Force to accept it even after technical problems had delayed Boeing’s delivery. The requests for inquiry came from Elizabeth Warren’s Senate staff, the Center for Responsibility and Ethics in Washington, and an anonymous complaint from an attorney with the Senate Armed Services Committee that Shanahan was violating ethics rules.

“Even before he assumed office, [we raised concerns](#) about how he would confront financial, programmatic, and policy conflicts of interest,” said Mandy Smithberger, who runs the Center for Defense Information at the Project on Government Oversight.

“Some reporting indicates he was one of the major forces pushing for a larger Pentagon budget, which certainly benefits his former employer, and his boosterism for the Space Force raises similar conflict concerns,” Smithberger added.

Yes, Space Force. Speaking before an audience at the Center for Strategic and International Studies (CSIS) in March, Shanahan [spun the proposed new branch of the military](#) as vital to ensuring that the U.S. has “unquestioned dominance in space.” And why not? The budget would be about \$10 billion and would involve huge launch and satellite contracts, mostly with the Air Force. In other words, [a boon to Boeing and the rest of the defense titans](#).

“The only people who are in favor of [Space Force] are contractors who are making money with military space [programs],” said Sprey. “Space Force is a made-to-order money tree for Boeing.”

Considering how long it takes for any official business to happen in Washington, the IG’s

office came back with a surprisingly swift conclusion, clearing Shanahan of all charges on April 25.

“We did not substantiate any of the allegations. We determined that Mr. Shanahan fully complied with his ethics agreements and his ethical obligations regarding Boeing and its competitors.”

One might be tempted to think that a super efficient probe and quick acquittal was hastened by forces in Congress—perhaps even new SASC Chairman Inhofe, who despite being struck by Shanahan’s lack of humility, has complained openly over the DoD going this long without a chief. He’s now signaled his support for confirmation, as has Senator Lindsey Graham, and so far there is very little evidence that he won’t be approved by the majority GOP Senate.

So what we see here is an evolution of the MIC, what many call the “[self-licking ice cream cone](#),” says Sprey. In earlier times, the secretaries had military or government experience and their cultivation of industry influence in the Pentagon was more *sotto voce*. “Over time, though, you can see more and more egregious military industrial complex shills, just some politicians and defense technocrats.” Shanahan is the first to go from a defense industry giant straight into the DoD’s center of power.

“My impression is right now everyone in the armed services, at the top, are like pigs at the trough and their goal is to scarf up every dollar they can get their hands on in Washington because this might be their last hurrah,” said Doug Macgregor. “And Shanahan is going all out for them.”

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Featured image: Deputy Defense Secretary Pat Shanahan during a visit to Joint Base Lewis-McChord in 2017. (DoD photo by Air Force Tech. Sgt. Brigitte N. Brantley/Flickr)

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