

August 16, 2008 - Attack on Georgia Gives Boost To Big U.S. Weapons Programs

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Conflict
With Russia
Bolsters the Case For More Funding

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Russia's attack on Georgia has become an unexpected source of support for big U.S. weapons programs, including flashy fighter jets and high-tech destroyers, that have had to battle for funding this year because they appear obsolete for today's conflicts with insurgent opponents.

Defense Secretary Robert Gates has spent much of the year attempting to rein in some of the military's most expensive and ambitious weapons systems -- like the \$143 million F-22 Raptor jet -- because he thinks they are unsuitable for the lightly armed and hard-to-find militias, warlords and terrorist groups the U.S. faces in Iraq and Afghanistan. He has been opposed by an array of political interests and defense companies that want to preserve these multibillion-dollar programs and the jobs they create.

When Russia's invading forces choked roads into Georgia with columns of armored vehicles and struck targets from the air, it instantly bolstered the case being made by some that the Defense Department isn't taking the threat from Russia and China seriously enough. If the conflict in Georgia continues and intensifies, it could make it easier for defense companies to ensure the long-term funding of their big-ticket items.

For example, the powerful chairman of the House Appropriations Defense Subcommittee, Pennsylvania Democratic Rep. John Murtha, quickly seized on the Russia situation this week, saying that it indicates the Russians see the toll that operations in Iraq and Afghanistan are taking on the U.S. military.

"We've spent so many resources and so much attention on Iraq that we've lost sight of future threats down the road. The current conflict between Russia and Georgia is a perfect example," said Rep. Murtha during a recent visit to his district.

Some Wall Street stock analysts early on saw the invasion as

reason to make bullish calls on the defense sector. A report from JSA Research in Newport, R.I., earlier in the week called the invasion "a bell-ringer for defense stocks."

Mr. Gates himself said this week that the new conflict will cause the U.S. to rethink its strategic relationship with Russia. At a briefing on Thursday, Mr. Gates said the U.S. has no intention of using force in Georgia, nor does it seek a reprise of the Cold War. He did make clear, however, that Russia appears to be punishing Georgia, which has flirted with North Atlantic Treaty Organization membership, for aligning itself with the West and is warning other former Soviet states.

Until now, Mr. Gates has been the central focus of a pitched battle over where the U.S. should spend its defense funds: on conventional weapons needed for traditional opponents or preparing to fight insurgent groups and terrorists.

At an event in Colorado earlier this year, Mr. Gates complained that the military services have "too much of a tendency towards what might be called "Next-War-itis" -- the propensity of the defense establishment to be in favor of what might be needed in a future conflict." In response, he has led an effort to seek or consider reductions to a long list of prominent programs that seemed geared toward the wars of the past.

High on Mr. Gates's list of less-relevant programs has been the F-22 Raptor, made by Lockheed Martin Corp. with help from Boeing Co. and others. The F-22 is considered the Air Force's best fighter jet, but Mr. Gates rebuked the Air Force earlier this year for doggedly pursuing it at a time when it hasn't flown missions over Iraq and Afghanistan.

Another program under attack has been Future Combat Systems, a futuristic \$160 billion effort to modernize the Army with new hardware and electronic gizmos. Lead contractors Boeing and SAIC Inc. have repeatedly retooled the program, hoping to avoid being accused by Mr. Gates of having "Next-War-itis."

At the same time, the Navy is backing off from building its most expensive destroyers in favor of a less technically risky, and cheaper, existing design. Changing course, the Navy wants two, not seven, futuristic DDG-1000 Zumwalt-class destroyers that the Congressional Budget Office estimates could cost as much as \$5 billion apiece. Instead of those destroyers, it wants cheaper vessels better suited to missile defense and antisubmarine missions in the open ocean.

Amid uncertainty about how the next administration will view any of these programs, defense-industry officials have been fighting hard to keep them moving forward -- hoping they will at some point be so far along that they can't be killed or seriously curtailed. A common refrain has been that the next administration will realize how dangerous the world is once the commander in chief gets briefed on the myriad threats to U.S. interests.

The change in administration comes at a time of record profits and sales in the industry, reflecting historic highs in defense spending. Yet

budget pressure is already undeniable. Operations in Iraq and Afghanistan require laying out almost \$12 billion a month and the Pentagon faces a massive tab for repairing and overhauling equipment when troops start coming home.

Now, the Russian situation makes the debate over the equipping of the U.S. military a front-burner issue. "The threat always drives procurement," said a defense-industry official. "It doesn't matter what party is in office."

Mr. Gates's approach was recently codified in a Defense Department strategy document emphasizing a balance between developing capabilities to carry out unconventional warfare missions while fielding forces capable of handily defeating adversaries like Russia's or China's militaries.

It rankles Michael Dunn, president and chief executive of the Air Force Association, who said that Mr. Gates's "Next-War-itis" criticism can be countered with the argument that his strategy's focus on fighting insurgents at the expense of another big military is "This-War-itis."

Mr. Dunn, a retired Air Force lieutenant general, said that if U.S. F-16 and F-18 fighters were carrying out combat missions over Georgia, they would be in grave danger from highly advanced Russian surface-to-air missiles on the border that a newer plane like the F-22 can evade. "The debate has got to shift as a result of this war," said Mr. Dunn.

Even before Russia's invasion, there were signs the Air Force's arguments haven't been lost on lawmakers. Just before Congress recessed, Mr. Murtha's subcommittee said it would fund an additional \$523 million toward the purchase of 20 more F-22 fighters beyond what the White House asked for.