

The Hidden Costs of War

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War Without End? The Costs of the New Military Buildup

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by William D. Hartung

The Bush administration's war on terrorism and its proposed military intervention in Iraq have sparked the steepest increases in military and security spending in two decades:

- Since September 11, 2001, the president has requested, and Congress has approved, over \$110 billion in increases in military spending and military aid. The military budget has jumped from \$329 billion in FY 2001 to over \$380 billion in FY 2003 (see Table I, below). In addition to these increases in regular appropriations, the Pentagon has received over \$30 billion in emergency and supplemental funding, and Congress has authorized roughly \$3 billion in new military and security aid for U.S. allies in the war on terrorism.
- Spending on homeland security has doubled, from \$18 billion to \$38 billion per year, and a new Department of Homeland Security has been created.
- The cost of the war in Afghanistan is at \$15 to \$20 billion so far. Independent estimates of the costs of a potential war with Iraq put the price tag at \$100 billion or more.¹

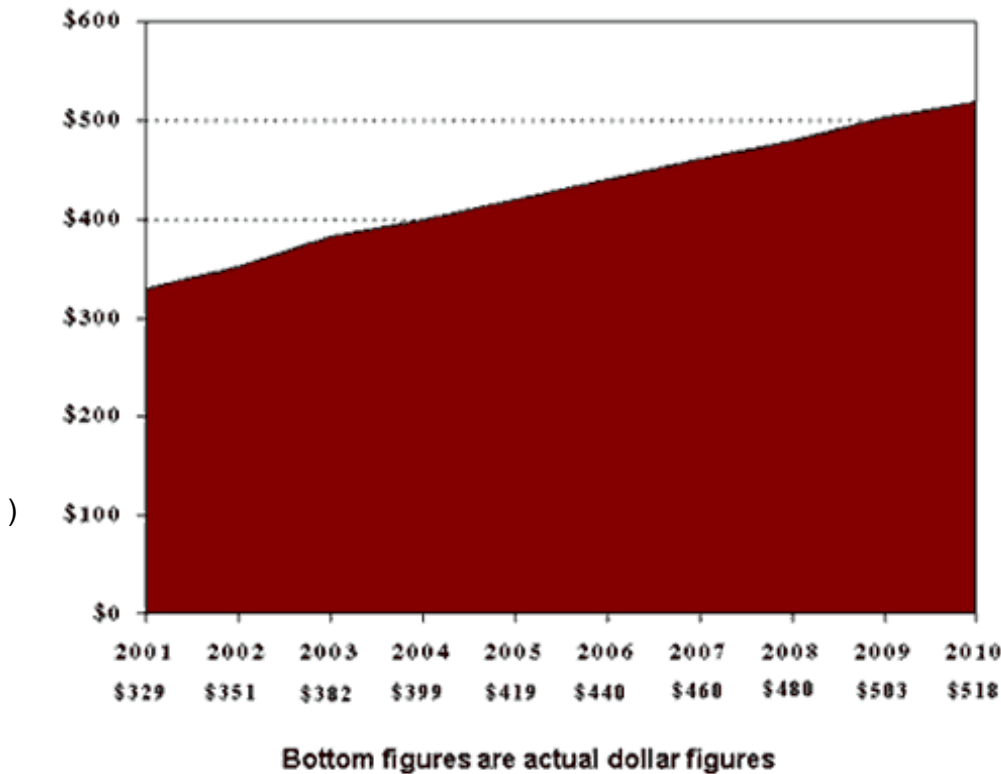
If the administration's strategy of using force and the threat of force as its primary tools for dealing with terrorists and tyrants is fully implemented, these new expenditures may be just the down payment on a long-term buildup that will push U.S. military spending to Cold War levels and beyond. Based on current Pentagon spending projections, U.S. military spending will total \$4.3 trillion during this decade, with annual spending on national defense topping \$500 billion per year by 2009 (see Table I).

But even the huge sums displayed in Table I are likely to understate the true costs of our military establishment, since the Pentagon's budget projections only cover the costs of routine, peacetime operations. The costs of going to war are generally financed out of emergency or supplemental appropriations, as has been done with the ongoing war in Afghanistan, and as will be done with any conflict in Iraq.

Given the Bush administration's expansive military strategy, the costs of war could become the biggest "wild card" in the federal budget over the next decade. In less than one and one-half years, the Bush administration's objectives have expanded from a post-9/11 pledge to act against "terror networks of global reach," to a threat to use force to disarm and displace regional tyrants like Saddam Hussein, to a commitment to use American military might to promote "democracy and free markets" throughout the world.²

Table I: U.S. Military Spending, Actual and Projected,

Fiscal Year 2001 to Fiscal Year 2010 (in billions of U.S. dollars)



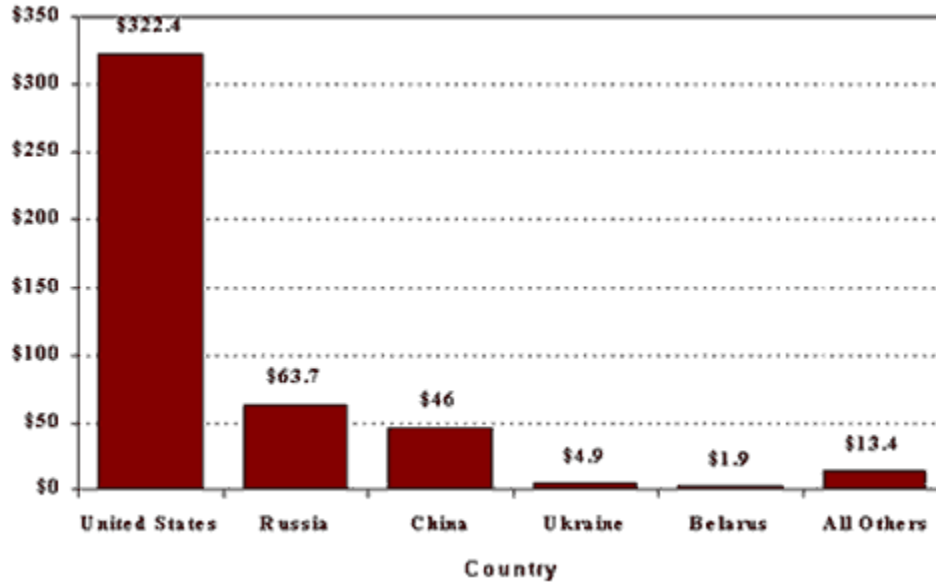
Source: U.S. Department of Defense, Fiscal Year 2004 Budget Request, February 2003, as analyzed by Christopher Hellman, Center for Defense Information, available at Center for Defense Information (February 12, 2003). Figures are for budget category 050, National Defense, which includes spending on the Pentagon and military activities of the Department of Energy. The figure for 2010 is a projection based on the assumption of a 3 percent growth rate per year for each of those three years.

This open-ended definition of U.S. strategic priorities goes far beyond anything the United States committed itself to during the Cold War, when the stated mission was containing the Soviet Union. Unlike that earlier period, when the United States was engaged in an arms race with a rival superpower, in this new era, the United States is in an arms race with itself, seeking a wide range of new missions and capabilities that go well beyond what is required to deal with Al Qaeda and related global terror organizations. As a recent analysis by Steven M. Kosiak of the Center for Strategic and Budgetary Assessments has demonstrated, only about one-third of the Pentagon's increased funding between FY 2001 and FY 2003 has been devoted to homeland security and combating terrorism, and only 5 to 10 percent of the Pentagon's total budget for Fiscal Year 2003 is being set aside for these purposes.³

Even before the increases of the past two years, United States military spending far outpaced spending by potential adversaries (see Table II). As Carl Conetta of the Project on Defense Alternatives has pointed out, as of 2001 the United States was spending two and one-half times as much as all of its potential adversaries combined, whereas in 1985, at the height of the Reagan buildup, U.S. military spending was only 80 percent as much as the combined spending of the adversary group. The United States and its closest allies now account for 73 percent of global military spending, compared to 57 percent in 1985.⁴

Table II: U.S. Military Spending Versus Actual or Potential Adversaries, 2001

(in billions of constant 2000 dollars)



Source: International Institute for Strategic Studies, *The Military Balance 2002-2003* (London: IISS and Oxford University Press, 2002), Table 26, pp. 332-37. The “All Other” category includes the combined military budgets of Iraq, Iran, North Korea, Syria, Libya, Cuba, and Vietnam.

This growing gap between U.S. military spending and capabilities and the military budgets and forces of all other countries in the world has led some analysts to suggest that the United States now acts as a de facto imperial power. Human rights advocate Michael Ignatieff provided a provocative synopsis of what he views as America’s new imperial role in a recent front page article in the *New York Times* magazine entitled, “The American Empire (Get Used to It)”:

Being an imperial power . . . means enforcing such order as there is in the world and doing so in the American interest. It means laying down the rules America wants . . . while exempting itself from other rules that go against its interest. . . . It also means carrying out imperial functions in places America has inherited from the failed empires of the 20th century-Ottoman, British, and Soviet. In the 21st Century, America rules alone, struggling to manage the insurgent zones-Palestine and the Northwest Frontier of Palestine, to name but two-that have proved the nemeses of empires past. [emphasis added] ⁵

This vision of the United States as a unilateralist global policeman is a far cry from the vision that motivated President Franklin Delano Roosevelt to promote the creation of the United Nations as World War II drew to a close. While most Americans agree that standing up to the Axis powers in World War II was necessary regardless of the price, the human and economic costs of that conflict spurred world leaders to seek mechanisms to prevent future wars in the wake of what proved to be the most devastating conflict in human history.

Citizen Works Corporate Power Discussion Group

One of the greatest potential costs of relying on war and preparations for war as a centerpiece of U.S. foreign policy is the danger of distorting the U.S. role in the world from that of a vibrant democracy that is ready to defend itself and its allies when necessary, to that of a garrison state that uses force to get its way on a wide range of issues that have little to do with self-defense. As the great American writer and anti-imperialist Mark Twain wrote in the early part of the last century, "When the only tool you have is a hammer, all your problems look like nails." In the wake of the 9/11 attacks, the United States needs to expand its foreign policy tool box so that when crises arise, resorting to military force is the last option, not the first. The enormous human, financial, and security costs of major conflicts engaged in by U.S. forces over the past half century underscore the importance of developing policy alternatives to war.

Notes

1 For further details on data cited in this section, see Michelle Ciarrocca and William D. Hartung, "Increases in Military Spending and Security Assistance Since 9/11/01," October 4, 2002; estimates of the costs of the war in Afghanistan and the possible conflict in Iraq will be dealt with in more detail later in this analysis. [Return to Text](#)

2 The most expansive statement of the Bush military strategy is contained in "The National Security Strategy of the United States," released in September 2002 and available online at the *White House*, <http://www.whitehouse.gov> (12 February 2003). [Return to Text](#)

3 Steven M. Kosiak, Director, Budget Studies, Center for Strategic and Budgetary Assessments, "Funding for Defense, Homeland Security, and Combating Terrorism Since 9/11: Where Has All the Money Gone?" in Marcus Corbin, editor, *Security After 9/11: Strategy Choices and Budget Tradeoffs* (Washington, D.C., Center for Defense Information, 2003), p. 7-11., available at *Center for Defense Information*, <http://www.cdi.org/spwg> (February 12, 2003). [Return to Text](#)

4 Carl Conetta, co-director, Project on Defense Alternatives, "9-11 and the Meaning of Military Transformation," in Corbin, *Security After 9/11*, op. cit., 25-30. Conetta's statistics on military spending are derived from International Institute for Strategic Studies, *The Military Balance*, 2001-2002 and 2002-2003 editions, (Oxford: IISS and Oxford University Press, 2000 and 2002). His category for actual and potential U.S. adversaries during the Cold War includes the Soviet Union and the other members of the Warsaw Pact alliance, plus China, North Korea, North Vietnam, Iran, Iraq, Syria, Libya, and Cuba. For the 2001 comparison, the adversary category includes Russia, Ukraine, and Belarus plus all the other members included in the 1985 comparison. Other former Warsaw pact members and other former Soviet Republics, many of whom are now U.S. military aid recipients, are excluded from the 2001 comparison. [Return to Text](#)

5 Michael Ignatieff, "The American Empire (Get Used to It)," *New York Times Magazine*, January 5, 2003, p. 24.

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www.worldpolicy.org/projects/arms/

Cheney, Halliburton and the Spoils of War

April 4, 2003

By Lee Drutman and Charlie Cray

When Defense Policy Board chairman Richard Perle revealed that he was getting \$725,000 to help Global Crossing navigate the national security issues surrounding the sale of its assets, the press jumped all over Perle, and rightly so. There was indeed something fishy about a top Pentagon advisor making that kind of money to help a company that was having problems with national security issues. Perle is also on the board of Onset Technology, the leading provider of message conversion technology and a major supplier to Bechtel - one of the leading candidates for rebuilding Iraqi infrastructure.

As the Center for Public Integrity has documented, this kind of thing is not unusual. At least nine of the 30 members of the Defense Policy Board have ties to corporations that have won more than \$76 billion in defense contracts in 2001 and 2002. As more and more wartime contracts are announced, more and more conflicts of interest are coming to light. After all, the Bush administration is riddled with ties to the weapons, engineering, construction, and oil companies that have the most to profit from in the Iraq war.

Cheney's Conflict of Interest

However, of all the administration members with potential conflicts of interest, none seems more troubling than Vice President Dick Cheney. Cheney is former CEO of Halliburton, an oil-services company that also provides construction and military support services - a triple-header of wartime spoils.

A few weeks ago, the U.S. Army Corp of Engineers awarded a no-bid contract to extinguish oil well fires in Iraq to Kellogg Brown and Root (KBR), a subsidiary of Halliburton. The contract was granted under a January Bush administration waiver that, according to the Washington Post, allowed "government agencies to handpick companies for Iraqi reconstruction projects."

The contract, which was not announced until more than two weeks after it was awarded, was open-ended, with no time limits and no dollar limits. It was also a "cost-plus" contract, meaning that the company is guaranteed to recover costs and then make a guaranteed profit on top of that. Its value is estimated at tens of millions of dollars.

This is not the first buck that Cheney's former company has made off military conflict and likely won't be the last. KBR currently has thousands of military support personnel on the ground in Kuwait and Turkey as part of a multi-year contract worth close to a billion dollars. The engineering subsidiary was also one of a select few firms invited to bid on an initial \$900 million USAID contract for rebuilding post-war Iraq. Though it didn't get that job, Halliburton says it is still in the running for subcontracts and there will likely be plenty more opportunities. The American Academy of Sciences estimates the rebuilding Iraq will cost between \$30 and \$105 billion dollars. At a recent investor conference call, Halliburton reported a 30% increase in year-over-year revenues, to \$1.6 billion, for KBR.

The Revolving Door Between Big Business and Government

Cheney, who served as CEO from 1995 to 2000, continues to receive as much as \$1 million a year in deferred compensation as Halliburton executives enjoy a seat at the table during Administration discussions over how to handle post-war oil production in Iraq.

The Cheney-Halliburton story is the classic military-industrial revolving door tale. As Secretary of Defense under Bush I, Cheney paid Brown and Root services (now Kellogg Brown and Root) \$3.9

million to report on how private companies could help the U.S. Army as Cheney cut hundreds of thousands of Army jobs. Then Brown and Root won a five-year contract to provide logistics for the U.S. Army Corp of Engineers all over the globe. In 1995, Cheney became CEO and Halliburton jumped from 73rd to 18th on the Pentagon's list of top contractors, benefiting from at least \$3.8 billion in federal contracts and taxpayer-insured loans, according to the Center for Public Integrity.

Halliburton's Dubious Track Record

But the Halliburton story is more than just a simple revolving door tale. Even without the Cheney conflicts of interest, serious doubts remain about whether a company with a record like Halliburton's should even be eligible to receive government contracts in the first place. This, after all, is a company that has been accused of cost overruns, tax avoidance, and cooking the books and has a history of doing business in countries like Iraq, Iran and Libya.

Cost overruns: In September 2000, the General Accounting Office (GAO) found that the U.S. Army had not taken appropriate steps to limit the \$2.2 billion costs Kellogg Brown and Root charged for logistical and engineering support in the Balkans. According to the report, Army officials "frequently have simply accepted the level of services the contractor provided without questioning whether they could be provided more efficiently or less frequently at lower cost."

Questionable Accounting: The SEC recently formalized an investigation into whether Halliburton artificially inflated revenue by \$234 million over four years. Halliburton switched to a more aggressive accounting method in 1998 under Cheney.

Access to Evil — Business Dealings in Iraq, Iran, and Libya: News reports suggest that Pentagon is currently using the Iran-Libya Sanctions Act (ILSA) to draw up a blacklist of non-US companies that have done business in Iran. Yet, Halliburton has conducted Business in Iran through subsidiaries. When Cheney was CEO of Halliburton, he inquired about an ILSA waiver to pursue oil field developments in Iran. In 1997, Halliburton subsidiary Halliburton Energy Services paid \$15,000 to settle Department of Commerce allegations that the company had broken anti-boycott provisions of the U.S. Export Administration Act for an Iran-related transaction. Halliburton recently agreed to evaluate its operations in Iran, after the Securities and Exchange Commission rebuffed the company's request to dismiss a New York City police and fire pension funds shareholder proposal for the company to examine its role in Iran.

Also forgotten is that story about how Cheney's Halliburton did business with Saddam. According to the Washington Post, "Halliburton held stakes in two firms that signed contracts to sell more than \$73 million in oil production equipment and spare parts to Iraq while Cheney was chairman and chief executive officer."

Halliburton has also done business in Azerbaijan, Burma, Indonesia, Libya and Nigeria. As Dick Cheney once said, "The good Lord didn't see fit to put oil and gas only where there are democratic regimes friendly to the United States."

Tax Havens: Under Cheney's tenure, the number of Halliburton subsidiaries in offshore tax havens increased from 9 to 44. Meanwhile, Halliburton went from paying \$302 million in company taxes in 1998 to getting an \$85 million tax refund in 1999.

All told, the IRS loses about \$70 billion a year in offshore tax sheltering by corporations and wealthy individuals - almost enough to cover the \$75 billion Bush has asked for to cover the first six months of war.

What to Do About Crony Capitalism?

The Halliburton story is part of a larger dynamic that should not be forgotten in a debate over contractor responsibility. While the Halliburton contracts reek of blatant cronyism, almost all the major firms that provide this kind of work are tied to the administration.

Somebody has to do the job. However, the level of secrecy surrounding the contracts that have been given out so far is troubling, and symptomatic of a bigger problem - the very legitimacy of a reconstruction process controlled by the U.S. military and their corporate contractors. Although the United States has the obligation to pay for the costs of reconstructing Iraq, only the United Nations is the proper body to provide governance and help rebuild a new government, civil society and physical infrastructure if the current regime is overthrown, not the White House, the Pentagon and their corporate cronies.

Lee Drutman is the Communications Director and Charlie Cray is the Director of the Campaign for Corporate Reform at Citizen Works.

The Military-Industrial-Think Tank Complex: Corporate Think Tanks and the Doctrine of Aggressive Militarism

From the Jan/Feb 2003 issue of the *Multinational Monitor*

By William Hartung and Michelle Ciarrocca

The aggressive first-strike military strategy now animating U.S. policy toward Iraq was developed during the 1990s by a network of corporate-backed conservative think tanks.

Each major element of the Bush administration's national security strategy — from the doctrines of preemptive strikes and “regime change” in Iraq, to its aggressive nuclear posture and commitment to deploying a Star Wars-style missile defense system — was developed and refined before the Bush administration took office, at corporate-backed conservative think tanks like the Center for Security Policy, the National Institute for Public Policy and the Project for a New American Century.

Unilateralist ideologues formerly affiliated with these think tanks, along with the 32 major administration appointees who are former executives with, consultants for, or significant shareholders of top defense contractors, are driving U.S. foreign and military policy.

The arms lobby is exerting more influence over policymaking than at any time since President Dwight D. Eisenhower first warned of the dangers of the military-industrial complex over 40 years ago.

War Mongers

The theory behind Bush's war posturing towards Iraq can be found in the administration's September 2002 National Security Strategy. “While the United States will constantly strive to enlist the support of the international community,” states the strategy paper, “we will not hesitate to act alone, if necessary, to exercise our right of self-defense by acting preemptively against such terrorists, to prevent them from doing harm against our people and our country.”

This preemption doctrine is now the stated rationale for going to war against Iraq, despite the fact that Saddam Hussein and Iraq pose no immediate threat to the United States or its allies.

The preemption doctrine is actually misnamed. Preemption suggests striking first against a nation that is poised to attack. The Bush doctrine is much more open-ended, implying that a U.S. attack is justified if a nation or organization might pose a threat at some unknown future date.

The strategy of “preemptive war” set out in the Bush national security strategy can be traced to the conservative Project for a New American Century (PNAC), whose members have pressed this approach for more than a decade. In the run-up to the 2000 presidential election, PNAC published a report, “Rebuilding America's Defenses” which has served as a blueprint for the Bush-Rumsfeld Pentagon military strategy, up to and including the coining of terms such as “regime change.”

PNAC was founded in 1997 and is headed by project directors William Kristol, editor of the *Weekly Standard*, Robert Kagan, senior associate at the Carnegie Endowment for International Peace, contributing editor at the *Weekly Standard* and columnist for the *Washington Post*, and Bruce Jackson, a long-time Lockheed Martin executive who recently left the corporation to work full time on military policy issues. Its statement of principles recalls “the Reagan administration's success” and urges a return to a “military that is strong and ready to meet both present and future challenges.” PNAC's founding document was signed by Paul Wolfowitz, Dick Cheney, Donald Rumsfeld and numerous others who have gone on to become major players in the Bush national security team. Defense

contractor Lockheed Martin recently hired PNAC's deputy director and principal author of the report, Thomas Donnelly.

Nuclear Weapons: Here to Stay

Two decades ago, President Reagan unveiled his Star Wars scheme with the intention of rendering nuclear weapons "impotent and obsolete."

Today, the word coming from the Pentagon's recently released Nuclear Posture Review is that nuclear weapons are here to stay. If the recommendations from the Bush administration's review are carried out, the declared purpose of U.S. nuclear weapons could change from deterrence and weapon of last resort to a central, usable component of the U.S. anti-terror arsenal.

The origins of this dramatic shift in U.S. nuclear policy trace to corporate-financed think tanks like the National Institute for Public Policy (NIPP). NIPP's January 2001 report, "Rationale and Requirements for U.S. Nuclear Forces and Arms Control," served as a model for the Bush administration's review. There are a number of parallels in the two reports. Both recommend developing a new generation of "usable" lower-yield nuclear weapons, expanding the U.S. nuclear "hit list" and expanding the set of scenarios in which nuclear weapons may be used.

Three members of the study group which produced the NIPP report are now in the administration. These include National Security Council members Stephen Hadley and Robert Joseph and Special Assistant to the Secretary of Defense Stephen Cambone. NIPP Director Keith Payne — probably best known for his infamous 1980 essay on nuclear war, "Victory is Possible" — was appointed head of the Pentagon's Deterrence Concepts Advisory Panel, which will help the Pentagon to implement the Nuclear Posture Review.

NIPP is closely aligned with the nuclear weapons industry. Its advisory board includes Kathleen Bailey, who spent six years as an analyst at the Lawrence Livermore nuclear weapons laboratory, Charles Kupperman, vice president for national missile defense programs at Lockheed Martin, and Robert Barker, a 30-year veteran of Lawrence Livermore weapons lab.

Missile Defense: Ploy or Deploy?

In December, President Bush adopted another of the conservative ideologues and weapons lobbying groups' top priorities: missile defense system deployment by 2004.

Bush made the announcement even though the ground-based missile defense system failed its most recent test, and despite the conclusion of the December 2001 National Intelligence Estimate.

This paper concluded that "U.S. territory is more likely to be attacked" with weapons of mass destruction by countries or terrorist groups using "ships, trucks, airplanes or other means" than by a long-range ballistic missile. Those delivery systems will evade ballistic missile defenses, rendering useless the costly proposed investments in Star Wars technology deployment.

At the forefront of the missile defense lobby is the Center for Security Policy (CSP), a corporate-financed advocacy group with at least eight defense executives on its advisory board at any given time. A sixth of the Center's revenue comes directly from defense corporations.

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CSP boasts that no fewer than 22 former advisory board members or close associates in the Bush administration. CSP alumni in key posts include its former chair of the board, Douglas Feith, who now serves as undersecretary of defense for policy, Pentagon Comptroller Dov Zakheim, Defense Policy Board chair Richard Perle, and longtime friend and financial supporter Defense Secretary Donald Rumsfeld.

Department of Defense, Inc.

It is not just industry-backed think tanks that have infiltrated the administration. Former executives, consultants or shareholders of top U.S. defense companies pervade the Bush national security team.

Lockheed Martin, the nation's largest defense contractor, has more connections to the Bush administration than any other major defense contractor — eight current policy makers had direct or indirect ties to the company before joining the administration.

Lynne Cheney, wife of Vice President Dick Cheney, served on Lockheed's board of directors from 1994 until January 2001, accumulating more than \$500,000 in deferred director's fees in the process. Former Lockheed Chief Operating Officer Peter Teets is now Undersecretary of the Air Force and Director of the National Reconnaissance Office, a post that includes making decisions on the acquisition of everything from reconnaissance satellites to space-based elements of missile defense.

Northrop Grumman, which is now the nation's third largest defense contractor as a result of its recent acquisition of TRW and Newport News Shipbuilding, follows closely behind Lockheed with seven former officials, consultants or shareholders in the Bush administration. Northrop's most important link is Secretary of the Air Force James Roche, a former company vice president. The company's influence within the Air Force is reinforced by the presence of Assistant Secretary of the Air Force for Installations, Environment and Logistics Nelson Gibbs, who served as corporate comptroller at Northrop from 1991 to 1999. Deputy Secretary of Defense Paul Wolfowitz, Pentagon Comptroller Dov Zakheim and Undersecretary of Defense Douglas Feith all had consulting contracts or served on paid advisory boards for Northrop prior to joining the administration.

Other ties include: Secretary of the Navy Gordon England, a former vice President at General Dynamics, Deputy Secretary of State Richard Armitage, a former member of Raytheon's board of directors and consultant to Boeing, and Senior Adviser to the President Karl Rove, who owned between \$100,000 and \$250,000 in Boeing stock, according to disclosure forms he has filed.

Hogs at the Trough

The overarching concern of the ideologues and the arms industry is to increase military spending. On this score, they have been tremendously successful. In its two years in office, the Bush administration has sought more than \$150 billion in new military spending, the vast majority of which has been approved by Congress with few questions asked. Spending on national defense is nearing \$400 billion for fiscal year (FY) 2003, up from \$329 billion when Bush took office.

In addition to the rapid increases in its yearly budget, Congress has approved \$30 billion in emergency and supplemental spending for the Pentagon since 9/11. Billions more of supplemental funds have gone to the State Department for military assistance for allies and nations supporting the war on terrorism, as well as to the various agencies that have been targeted for inclusion in the Department of Homeland Defense.

Orders for the new high-tech weapons on display in Afghanistan include the Joint Direct Attack Munition, or JDAM, made by Boeing, Raytheon's Tomahawk missile, and Northrop Grumman's \$10 million-a-copy unmanned aerial vehicle, the Global Hawk.

The FY 2003 budget includes approximately \$3.2 billion for more of these systems.

And despite talk of “skipping a generation” in weapons procurement for the past two years, defense contractors will continue to make money off the weapons of yesterday, too. The FY 2003 budget includes more than \$17 billion for Cold War relics that Rumsfeld once said he wanted to abandon. These weapons include: the Air Force’s F-22 Raptor (prime contractors: Lockheed Martin, Boeing and the Pratt and Whitney Division of United Technologies; FY 2003 budget: \$4.7 billion); the Navy’s F-18E/F fighter plane (Boeing, General Electric and Northrop Grumman, \$3.3 billion); Joint Strike Fighter/F-35 (Lockheed Martin and Northrop Grumman, \$3.5 billion); the V-22 Osprey (Boeing Vertol and the Bell Helicopter Division of Textron, \$1.2 billion); the DDG-51 destroyer (Bath Iron Works and the Ingalls Shipbuilding Division of Northrop Grumman, \$2.4 billion); and the Virginia class attack submarine (Electric Boat Division of General Dynamics and the Newport News Shipbuilding division of Northrop Grumman, \$2.2 billion).

The centerpiece of the Bush nuclear doctrine, the “New Triad” of long-range strike systems, missile defenses and a revitalized nuclear weapons complex, will involve, during the next five years, at least \$33 billion in spending over and above that projected by the Clinton administration. Missile defense spending for FY 2003 will exceed \$8 billion, while the costs of deploying a multi-tiered missile defense system could easily reach \$200 billion over the next decade — providing a steady stream of contracts for Lockheed Martin, Boeing, Raytheon and Northrop Grumman.

Spending on the related budget category of homeland security has increased dramatically as well, from \$19.5 billion in FY 2001 to \$37.7 billion in FY 2003, providing yet another source of revenue for the big defense contractors.

Boeing, Lockheed Martin, Northrop Grumman, Raytheon and General Dynamics have all adapted their marketing strategies and are repackaging their products for use in domestic security. Northrop Grumman and Lockheed Martin have received a long-term, multi-billion dollar contract to beef up the Coast Guard, and General Dynamics has been awarded a \$611 million contract to modernize the service’s 30-year-old search-and-rescue communications system. Boeing is looking into how its sensors designed to track enemy missiles could be used to locate and identify hijacked planes. Lockheed is trying to adapt military simulators to train local emergency response teams. And Raytheon is pitching its hand-held thermal-imaging devices, designed for the military, as useful for fire fighters searching through collapsed buildings.

A provision in the Homeland Security Act requires government agencies to grant 23 percent of their prime contracts to small businesses, and small companies are excitedly joining the giant corporations in shopping high-tech proposals to the government.

Among others, Air Structures is introducing fortified vinyl domes for quarantining infected communities in the aftermath of a potential bioterror attack, Visionics is looking into designing facial recognition technology and PointSource Technologies is developing a sensor to detect biological agents in the air or water.

For now, the military-industrial-think tank complex is on the ascendancy.

Exploiting the fears following 9/11, and impervious to budgetary constraints imposed on virtually every other form of federal spending, the ideologue-industry nexus is driving the United States to war in Iraq and a permanently aggressive war-fighting posture that will simultaneously starve other government programs and make the world a much more dangerous place.

Total Business Awareness: The Corporate Contracting Behind John Poindexter's Total Information Awareness Program

From the Jan/Feb 2003 issue of the Multinational Monitor

By Adam Mayle and Alex Knott

The Total Information Awareness System, the controversial Pentagon research program that aims to gather and analyze a vast array of information on people in the United States, has hired at least eight private companies to work on the effort. Since 1997, those companies have won contracts from the Defense Department agency that oversees the program worth \$88 million.

The Defense Advanced Research Projects Agency (DARPA), which oversees the Total Information Awareness System (TIA), awarded 13 contracts to Booz Allen & Hamilton amounting to more than \$23 million. Lockheed Martin Corporation had 23 contracts worth \$27 million. The Schafer Corporation had nine contracts totaling \$15 million. Other prominent contractors involved in the TIA program include SRS Technologies, Adroit Systems, CACI Dynamic Systems, Syntek Technologies and ASI Systems International.

TIA itself was first proposed by an employee of a private contractor. John Poindexter, who worked on DARPA projects for Syntek, an Arlington, Virginia-based technical and engineering services firm, suggested the program in the wake of the September 11, 2001 terrorist attacks. Poindexter, who headed the National Security Council during the Reagan administration, was convicted in 1990 on five felony counts for his role in the Iran-Contra scandal. The convictions were overturned in 1991 because he had been given immunity for his testimony during the Congressional investigation of the affair. On January 14, 2002, he returned to the government as the director of the Information Awareness Office (IAO).

TIA draws heavily on the private sector. Five of the eight contractors identified by the Center are involved in evaluating future contracts for the program. Grey Burkhart, an associate of Booz Allen Hamilton, identifies himself on his résumé as “assistant project manager” of TIA system implementation. Even the phrase “Total Information Awareness” has a private pedigree — Visual Analytics, Inc., a Poolesville, Maryland-based software developer and DARPA contractor, has applied for a trademark for the phrase.

In addition, at least 24 universities have received almost \$10 million during the last five years to do research on TIA-related projects. Some of the largest grants went to Cornell University, Columbia University and the University of California, Berkeley and dealt with the TIA's language translation program, Translingual Information Detection, Extraction and Summarization.

“DARPA doesn't do any of its own research,” says Jan Walker, a spokesperson for the agency. She also says that DARPA doesn't require private contractors to share their research solely with DARPA. “The government benefits when there are commercial applications [from DARPA research] because it keeps the cost down,” she says. Any limitations on commercial use are negotiated “on a case by case basis,” she says, adding that, “many of the things DARPA does have commercial applications.”

DARPA employs 240 people and oversees a budget of roughly \$2 billion. It relies heavily on outside contractors. Some act as “systems engineering technical assistance,” or SETA contractors, who assist DARPA in managing the efforts and representing the program with Congress, the Department of Defense hierarchy and the military services. Typical projects involve five to 10 contractors, two universities, and budgets between \$10 and \$40 million. DARPA's website notes that the best program managers — the agency's employees who oversee the contractors — “have always been freewheeling zealots in pursuit of their goals.”

A lack of oversight

Congress, which exercises oversight of the executive branch and the military, has not held a single public hearing on TIA and sources on the Hill suggest that members know little about it. In a November 22, 2002 letter, Senator Charles E. Grassley, R-Iowa, asked the inspector general of the Defense Department to “conduct a complete and thorough review of the TIA program.” Noting that available information regarding TIA was not sufficient, Grassley wrote that the Defense Department’s comments about DARPA “only provide few answers and invite many more questions.”

Grassley questioned the parameters and scope of TIA, how Poindexter was selected to head it, and what protections are in place to ensure civil liberties are not violated.

The Defense Department has not begun an inquiry. “They have it under consideration,” says Susan Hansen, a spokesperson at the Defense Department. “I have not heard of any final decision about the status.”

Senator Dianne Feinstein, D-California, says that she plans to introduce legislation to address any threats to privacy rights that TIA poses.

Despite Congress’ lack of knowledge about the program, the overall budget for TIA programs is increasing, and will nearly triple from \$43 million in fiscal year (FY) 2001 to \$110 million in FY 2003. According to declassified budgets released recently from DARPA, some projects that have existed since 1996 will receive similar spending boosts now that the TIA office has been officially created. For instance, a TIA project called “Wargaming the Asymmetric Environment” grew from \$6.8 million in FY 2001 to \$18.5 million in FY 2003.

An ongoing effort

The stated goal of TIA, which began in FY 2002, is “to revolutionize the ability of the United States to detect, classify and identify foreign terrorists — and decipher their plans — and thereby enable the United States to take timely action to successfully preempt and defeat terrorist acts.” To accomplish this, the program seeks to combine several kinds of information — financial, education, travel, medical, veterinary, transportation and housing transactional records, and face, finger print and other identifying data — into databases.

TIA draws heavily on other DARPA research projects that were ongoing long before September 11, 2001. For example, Project Genoa, a computer program designed to rapidly analyze and share data, and develop plans based upon the analyses, began prior to 1997 and was completed in FY 2002. The Defense Intelligence Agency has agreed to use Genoa. A Genoa II project is underway at DARPA.

Syntek was a contractor for the Genoa Project providing “specialized technical and programmatic” advice for more than five years. According to his résumé — which had been posted on the home page of the Information Awareness Office (which oversees TIA) until November, when it was removed along with the résumés of other IAO personnel — Poindexter joined Syntek in 1996.

The first documented reference to Syntek’s involvement in Genoa indicates that the company began working for DARPA by mid-1996. Since 1997, Syntek received nine contracts from DARPA totaling \$1.18 million. Poindexter worked for Project Genoa via Syntek through 2001 before returning to the Defense Department as the director of the Information Awareness Office.

According to his financial disclosure documents, before joining DARPA, Poindexter earned \$147,182 a year while working for Syntek. He worked closely with DARPA helping to develop Project Genoa, which is now a component of TIA. Under Poindexter’s guidance, IAO will continue to use Syntek as a

TIA contractor. He also reports receiving income for acting as a consultant to the U.S. government for Syntek. These days, according to the Transactional Records Access Clearinghouse, Poindexter is receiving a salary of \$138,200 — the most of any DARPA employee and equal to the salary of DARPA Director Tony Tether.

One month after Poindexter joined the board of directors of Saffron Technology in September 2000, the company announced it had received funding from DARPA for Genoa, which is now part of the TIA program.

Poindexter characterized the mission of IAO as “the integration and assured transition of components developed in the programs Genoa, Genoa II, GENISYS, EELD, WAE, TIDES, HumanID and Bio-surveillance,” in an August 2002 speech at the DARPATECH conference in Anaheim, California. Those programs, all of which predate TIA and are under the aegis of the IAO, analyze and extract data, allow the identification of individuals by their characteristic body movements, or automatically translate Arab, Persian and other languages into English. Poindexter explained that TIA is “the overarching program that binds IAO’s efforts together.”

Many of the components of TIA, such as Genoa, have been ongoing projects since the Clinton administration. In the May 13, 1999, issue of Commerce Business Daily, a now-superseded bulletin board for government contracts, there is a notice from DARPA that it intended to award a company named Integral Visuals, Inc. a purchase order for technical and engineering support for “Project Genoa and Total Information Awareness,” suggesting that TIA, like its components, predates the September 11, 2001, terrorist attacks.

In a November 20, 2002 news briefing, Undersecretary of Defense for Acquisition, Logistics and Technology Pete Aldridge disclosed that Poindexter was the mastermind of the TIA project. Noting that Poindexter had “a passion for this project,” Aldridge explained, “He came to us with the project after September the 11th and volunteered it to DARPA. Tony Tether, the director of DARPA, came over with John and briefed it to me, and I thought it was a project worthy of pursuit.”

The private connection

Last April, IAO published a document with the bureaucratic title BAA 02-08 Information Awareness Proposer Information Pamphlet, which asks private companies to provide “innovative research proposals in the area of information technologies that will aid in the detection, classification, identification and tracking of potential foreign terrorists ... and to develop options to prevent their terrorist acts.”

The same document spells out the central role that contractors play in IAO, which will “use personnel from SRS Technologies, Syntek Technologies, CACI, Schafer Corporation and Adroit Systems as special resources to assist with the logistics of administering proposal evaluation and to provide advice on specific technical areas.”

DARPA has hired diversified defense industry giants Lockheed Martin and Booz Allen & Hamilton for TIA and related projects. Booz Allen has won what may become the largest TIA contract, potentially worth \$62 million over the next five years if DARPA exercises all the contract’s options.

Booz Allen employee Grey Burkhart’s résumé notes that he is the “assistant program manager for the implementation of an advanced collaborative analysis system for the counterterrorism and intelligence communities,” which he identifies as “Total Information Awareness (TIA) System Implementation.” DARPA spokesperson Walker says that Burkhart is not an employee of the government.

Burkhart has had more than 25 years of experience in strategic security, intelligence and telecommunications, in both the private and public sectors. He has served as a career intelligence officer, held a CEO position at Allied Communications Engineering, and has become a “recognized expert on the global proliferation of information technology.”

Burkhart’s résumé also notes that he was a member of Booz Allen’s Homeland Security Coordination Center and Tiger Team, for which he “conducted analysis of new legislation and executive orders and assessed their impact on current and future business.”

Big brother on campus

Private companies have not been the only players in TIA research. Dozens of universities within and without the United States have also worked on the program’s components for years.

Since late 2000, researchers at Georgia Tech have been working on a new computer-based identification system called Human ID that theoretically can take video images from a camera and distinguish people by the way that they walk and their different mannerisms. The applications of this software could have unlimited potential when used with satellite imaging, government video and even security cameras. The theory is that each person has distinctive body movements and that by recording and analyzing these movements, the government could identify suspects even if they are wearing disguises or have altered their appearances.

According to unclassified budget documents recently released by the Defense Department, DARPA spent \$11.8 million during the 2001 fiscal year to develop a “pilot force protection system” for Human ID as well as to create prototype models and develop advanced sensors. DARPA’s new budget increases the program’s spending to \$30.1 million during the next two fiscal years to identify the limitations of the range and accuracy of the program while fusing multi-modal technologies to derive biometric signatures.

Overall, Georgia Tech has received four federal grants totaling \$1.2 million for the “HumanID from Movement” project, beginning in the last quarter of 2000. The funds are part of a \$50 million DARPA program to identify people from a distance that encompasses 26 research projects including two from Georgia Tech to analyze movement.

In addition to recognizing people by body movement, Human ID is working on facial recognition and iris recognition software. These uses have been tested on subjects at a distance of 25 to 150 feet, but future DARPA plans anticipate distances as far as 500 feet.

“I do computer vision research,” says Aaron Bobick, an associate professor at Georgia Tech researching HumanID for DARPA. “Part of it is to see how to get computers to see things. One of things that I am working on is understanding motion and recognizing people from a distance.”

Bobick says that his research is still preliminary. “We’ve found it to be successful in a limited number of cases but gait recognition is really in its infancy. We don’t know how successful it will be. We are still at the point where we don’t know what will be possible.”

DARPA projects on identification go well beyond “naked eye” visual appearance. The defense agency is currently trying to identify potential suspects by their unseen traits using plumes of odorant molecules, spending more than \$427,000 on four grants to the University of Arizona for this purpose, dating back to 1998. Like gait recognition, the smell test is still in development.