

Butting Heads With the Pentagon

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By LESLIE WAYNE

There is no better friend of the Pentagon than Duncan Hunter, chairman of the House Armed Services Committee. A conservative and a hawk on defense, Mr. Hunter has long been someone the military could count on to push its dream projects through Congress.

So there is considerable dismay, and some outright consternation, over sweeping "buy America" provisions that Mr. Hunter inserted into the House version of legislation authorizing the coming year's Pentagon budget. Countries that failed to help the United States in the Iraq war, he argues, should not enjoy the spoils of American military contracts or put the Pentagon in a position of depending on them for critical components.

That view has set Mr. Hunter on a collision course with his many friends at the Pentagon and among American military contractors that buy everything from microprocessors to jet engines and airplane wings overseas. Mr. Hunter's proposal would cut back sharply on the foreign content allowed in American military goods as well as provide a laundry list of items - from fuses to machine tools to airplane tires - that only American companies could supply.

Opposition to Mr. Hunter's proposal is so fierce that the defense secretary, Donald H. Rumsfeld, has said he will recommend that President Bush veto the entire \$400 billion 2004 Pentagon budget if Mr. Hunter does not back down. According to a White House statement, Mr. Hunter's proposals are "burdensome, counterproductive and have the potential to degrade U.S. military capabilities."

Such harsh words hardly faze Mr. Hunter, a 12-term California Republican and former Army Ranger, who is joined by other conservative House members and a number of small companies and unions that might benefit. At the moment, for all the power - and fury - of his opponents, Washington analysts say Mr. Hunter will most likely get some of what he wants.

"If the American worker is going to pay for the defense of the free world," Mr. Hunter said in an interview, "he should participate fully in the manufacture of military goods. This is a warning shot, a red flag. We need to have domestic sources for critical military components. No one argues with that. We just differ in the details."

This Washington tale is rich in ironies. An administration that has been criticized for a go-it-alone attitude toward foreign affairs is now promoting more global military trade and claiming, in the White House statement, that Mr. Hunter's efforts would "undermine our efforts to promote cooperation with our allies."

Meanwhile, the military contractors who have lavishly contributed to Mr. Hunter's political campaigns over the years are now finding that they have helped elect someone who is working against their interests - and their ability to buy from cheaper foreign suppliers. Moreover, the White House risks alienating an important constituency by opposing a prominent conservative, especially over an issue freighted with patriotism.

Foreign governments have weighed in as well, especially the British, whose contractors would be lumped in with the rest of the world, despite Britain's stalwart participation in the Iraq war. In a letter to Mr. Rumsfeld, the British defense secretary, Geoff Hoon, called the proposal "potentially very damaging" and said it "would seriously undermine our ability to work together." The Dutch government called it a "great leap backward," while the NATO secretary general, Lord Robertson, said it would threaten "political unity."

Yet for all the concern from Britain specifically, Michael Harrison, a spokesman for Mr. Hunter, said "buy America" would help, not hurt, because a stronger United States military meant America would be a better ally to Britain.

As a practical matter, such cross-border programs as the Joint Strike Fighter, a \$200 billion joint venture by the United States and Britain to build a new fighter jet and sell it globally, would be jeopardized. Other programs would be equally hard to unscramble - for instance, the Army's new light armored vehicle, the Stryker, designed in Switzerland and being assembled in Canada for an American company. The F-16 fighter jet, made by Lockheed Martin almost exclusively for export, draws parts from dozens of countries.

On Capitol Hill, taking on Mr. Hunter is a delicate matter, especially for military contractors. Besides his pro-military credentials, the committee of which he is chairman controls the Pentagon purse strings and wields enormous power over how billions in military contracts are awarded.

"It's hard to oppose someone you like. That's made it difficult for everyone," said John W. Douglass, chief executive of the Aerospace Industries Association, which represents big contractors. "It's so awkward. We're so torn."

The military industry instead is taking its case to John W. Warner, the Virginia Republican who is chairman of the Senate Armed Services Committee. Some 25 top executives of military contractors - among them Boeing, Lockheed and Raytheon - met with Senator Warner last week to lobby in what they felt was a more sympathetic forum.

The version of the Pentagon budget that the Senate passed last Thursday does not include buy-American provisions - in fact, it has language making it easier for American military contractors to buy from six allies: Britain, Australia, Spain, the Netherlands, Sweden and Norway.

In a statement, Senator Warner said that while the Senate bill recognized that the "overwhelming bulk" of the Pentagon budget would be spent on American-made products, "our forces need the flexibility to procure the best of existing technology and avail themselves of the strength of the global market." The measures are now before a House-Senate conference committee whose members include Mr. Hunter and Mr. Warner.

With little fanfare and no public hearings, the buy-America proposals were inserted into the House version of the Pentagon budget in May.

Besides requiring that some military goods be made only in America, the provisions that Mr. Hunter is championing would raise domestic content requirements for Pentagon purchases to 65 percent from 50 percent - a substantial increase on multibillion-dollar contracts. It would also become more difficult to purchase certain specialty metals - mainly titanium - from foreign suppliers, particularly Russia.

Not everyone opposes Mr. Hunter. The steel industry and the steelworkers union, the machine tool industry, apparel and footwear manufacturers, some electronics makers and American shipbuilders have voiced support. So has the 20-member House defense industrial base caucus, which advocates for small manufacturers.

"I'm really glad to see this attempt by the House Armed Services Committee coming to light," said Timothy G. Rupert, chief executive of RTI International Metals, an Ohio company and one of three domestic titanium suppliers.

In a letter being circulated in Congress, Leo W. Gerard, president of the United Steelworkers of America, says, "American steelworkers are also American taxpayers and they do not want their tax dollars going to subsidize the export of their jobs!"

The opponents are equally fervent. "This is incredibly ill conceived," said Loren Thompson, an analyst at the Lexington Institute, a conservative research firm in northern Virginia. "The cost of weapons would go up astronomically. No one has a rigorous estimate of what the buy-America provisions could cost taxpayers. But it certainly would be in the many billions of dollars."

The Pentagon is pulling out all the stops. An internal Pentagon analysis said Mr. Hunter's proposal would have "catastrophic effects."

The machine tool provisions alone - replacing foreign with American tooling - would cost \$7 billion to \$10 billion in the next five years or so, the analysis estimated. Some military production lines would have to be shut down, it said, costing 46,000 jobs until domestic machine tool capacity increased. At one Raytheon plant in Texas, for instance, 95 percent of the machine tools used to assemble missiles are foreign made.

Foreign-content reductions would "jeopardize dozens of programs," according to the Pentagon. For instance, British engines and propellers are used in the C-130J transport.

"The reason we are taking this seriously is because the unintended consequences of this legislation are so egregious, " said Suzanne D. Patrick, deputy under secretary of defense for industrial policy. "Our biggest concern is that the defense industrial base be able to supply quality equipment to our war fighters currently and in the future.

"We're not careening out of control in giving big dollops of defense business to foreign countries," she added. "We do it when there is superior quality, a better price and better delivery terms."

Often, only foreign suppliers produce specialized electronic equipment critical to the military. "It could be a hand-held sensor that is very important," she said, "and the only maker is Japanese or Taiwanese."