



The Political Setting for Defense In-sourcing

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While President Obama is having trouble with his largest government in-sourcing initiative, the national health care "public option," he and his allies are rolling along nicely with their anti-outsourcing initiatives at the defense department. Here are the reasons:

1. Ideological: The new Democratic majority at both ends of Pennsylvania Avenue is interested in growing government wherever and whenever they can. In six months we already have the government dominance or takeover of the credit markets, two big auto companies, the student loan market, a big government grab at the energy and health care sectors, expanded government housing programs, huge new government science and technology spending initiatives, new federal subsidies for charities, and proposed federal standards for K-12 education. Some of this started under President Bush, but the effort has dramatically expanded under President Obama.
2. The new majority views most things that Presidents Reagan, Clinton and Bush did as bad, so tend to oppose their policies, including government outsourcing.
3. Labor, and in particular the public sector labor unions, has become the heartbeat of the Democratic Party. Unions are important fundraising and grass roots arms of the Democratic Party. They have been and will be rewarded whenever possible, and government in-sourcing is a major goal for them.
4. Defense acquisition has been a mess for a long time, with high costs and low returns. Much of this blame gets pinned on the thin government acquisition bench, and hence the need to expand the organic acquisition force and capabilities. This dove-tails nicely with both the anti-outsourcing agenda, as well as general dislike of defense contractors among many Democrats.
5. The Depot Caucus: One of the few caucuses on Capitol Hill with real power, it is especially close to the Air Force. The Air Force loves its depots, and much of its senior leadership in the Pentagon resents the outsourcing that was shoved down their throats by the Clinton and Bush administrations. With supplemental defense funds shrinking, the depots are desperate to generate revenues. Depots are often the largest

employer and best paying place to work in a given area, and have lots of political pull. In-sourcing fits in nicely with the Depot Caucus goal to help the public sector military depots.

6. The shrinking economy is terrifying many job-seekers, who are happy to join the more stable, indeed expanding, federal government workforce. So a readily available labor pool exists for the ambitious in-sourcing plans of the president and Congress.

It will be a useful leading indicator to watch the fate of defense department in-sourcing if the Obama health care plan does not pass, and if the new president falls below 50% in his job approval rating, both of which look possible now.