

Fasten Your Seatbelts

The defense and aerospace industry is off to a bumpy start with President Donald Trump, who put two high-profile programs in his sights in the weeks leading up to his inauguration and signaled that he could take a very unorthodox approach to buying aircraft and other military hardware.

During the presidential campaign, Trump, then the GOP nominee, pledged to boost defense spending by tens of billions of dollars annually to modernize the US military and give it a bigger technological edge against rivals around the world.

Since winning the election, however, Trump has expressed little patience for the Pentagon's arcane and heavily regulated acquisition processes, expressing frustrations with price tags for the F-35 strike fighter and the Air Force One replacement programs, in particular.

What's more, the real estate mogul has signaled he intends to get involved in negotiations himself, an unusual move for a Commander in Chief, as presidents typically have little to say about the particulars of weapons contracts.

Trump, who has bemoaned the cost of the F-35 and Air Force One programs in a series of tweets since the election, is a different breed of President, more accustomed to the boardroom than the congressional hearing room. But Trump, who has spent his life in the private sector, is likely not quite clear on what he's getting himself into.

Indeed, there are many layers of bureaucracy—and many bureaucrats—between the President and the contracting officials who negotiate and sign agreements for defense programs. Meanwhile, the Pentagon must, by law, abide by

But the companies' responses to the then-President-elect were somewhat muted, as they mulled the unprecedented nature of not only Trump's tweets but also his intended involvement and interest in Pentagon acquisition.

David F. Melcher, president of the Aerospace Industries Association, suggested after an industry lunch in December that defense firms should not overreact to Trump's tweets.

"This is a relatively new phenomenon," said Melcher, who sat down with Trump several months ago to discuss the industry's priorities. "I know the right answer is not going to be [to] tweet back, so don't expect us to be doing that."

Indeed, instead of tweeting back, Lockheed Martin CEO Marillyn Hewson and Boeing CEO Dennis A. Muilenburg found themselves summoned to meet with Trump in December.

Muilenburg called his meeting with Trump a productive and open discussion and pledged to produce the two Air Force One jets currently planned for below the \$4 billion estimate that has been panned by Trump—though current Pentagon estimates already have the total cost for the program well below that amount.

"We're going to get it done for less than that, and we're committed to working together to make sure that happens. And I was able to give the President-elect my personal commitment on behalf of the Boeing Company," he told reporters after the meeting. "This is a business that's important to us."

The President-elect himself boasted that he would cut costs on the huge, triservice F-35 program.

"We're just beginning. It's a dance," he said. "It's a little bit of a dance. But we're going to get the costs down and we're going to get it done beautifully."

The next day, Trump upped the ante with Lockheed Martin, tweeting that he had asked rival Boeing to price out a "comparable" F/A-18 Super Hornet, carrier-based fighters that are currently flown by the Navy. The tweet underscored his aggressive negotiation tactics, but also highlighted his unfamiliarity with some of the intricacies of Pentagon acquisition.

Indeed, Trump will not have final say over the awarding of defense contracts, even as Commander in Chief of the armed forces. Only a warranted contracting officer, which the President is not, can sign off on contracts.

The layers of bureaucracy between the President (or any other political figure, for that matter) and the contract officer exist for good reason: to prevent any undue political influence on the process. 

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USAF photo by Paul Holcomb

Tweeting the strike fighter.

an extensive set of policies and regulations that in no way resembles the kind of deal-making Trump is used to in commercial real estate.

Nonetheless, Trump has used Twitter, his preferred medium, to call out the two programs, in the hopes of cutting costs on both multibillion-dollar efforts. F-35 maker Lockheed Martin and Boeing, which is expected to build Air Force One, both saw immediate hits to their stocks following Trump's tweets.