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# THE DARK SECRET OF THE BLACK BUDGET

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By making \$35 billion in defense programs invisible, the Pentagon is hurting national security. by Tim Weiner  $\checkmark$

**R**ep. Larry Hopkins walks alone to a lead-lined chamber in the Capitol they call "the vault." There, a uniformed officer briefs Hopkins about an expensive defense program. He's not allowed to take notes. When briefing papers are shown to him, he can't have copies. When he leaves he's allowed to talk to hardly anyone about what he's heard.

For about \$35 billion worth of defense programs, this is what is known as "congressional oversight." "You just sit there and get the hose treatment for several hours," Hopkins says.

There have always been programs and weapons that were so top secret that public hearings were deemed inappropriate. But the Reagan administration has tripled spending for "black budget" programs that receive no public scrutiny at all. Spending on secret weapons has jumped nearly tenfold and spending on intelligence activities has doubled. The black budget is now more than federal spending on education, transportation, or the environment and roughly equal to all federal spending on health care. In fact, it is the fastest-growing major sector of the federal budget.

Obviously some of those programs should not be debated on C-SPAN or analyzed in *The Washington Post*. But today, more than a dime of every defense dollar is concealed. If the few black budget projects we do know about are any indication, it has become a hiding place not just for weapons and operations that should be secret but for those that are poorly managed or conceived.

As Thomas Amlie, a civilian who works for the Air Force as a financial watchdog and who has high security clearance, put it, the military has three reasons for having black projects: "One, you're doing something that should genuinely be secret. There's only a couple of those. Two, you're doing something so damn stupid you don't want anybody to know about it. And three, you want to rip the money bag open and get out a shovel, because there is no accountability whatsoever."

## Kamikaze dolphins

Putting a program in the black budget doesn't just mean Congress can't check up on it, but that its very existence won't be acknowledged, and that its price tag generally won't be revealed. Black programs are usually classified as "sensitive compartmented information." There are more

than 10,000 compartments, each with a specific codeword; someone who has the codeword for just one compartment cannot have access to information about a black program in another compartment. About 50 members of Congress know bits and pieces about particular programs. But only a handful of members and congressional staff—too few to enable serious congressional oversight—have broad access to information about the whole black budget.

Black programs include the Navy's advanced tactical fighter; the Stealth bomber, the most expensive military project in American history; and Milstar satellites, the new global switchboard for nuclear war, designed to relay the launch orders for nuclear weapons from 70,000 miles in space. These three programs together may wind up costing somewhere in the neighborhood of \$100 billion. Black programs also include 155 mm nuclear shells, a host of covert special operations units, the neutron bomb, the advanced cruise missile, and gadgetry to make submarines quieter.

More than two-thirds of the money is hidden in the Pentagon's research, development, and procurement budgets—which include operating funds for intelligence. At least half the Pentagon's black budget funds the CIA, the global listening posts of the National Security Agency, and the super-secret satellites of the National Reconnaissance Office. The rest of the money is distributed among Defense department operations, maintenance and personnel budgets, NASA, and other agencies. All these—and only God and Weinberger know what else—are shielded by the cloak of secrecy once reserved solely for the intelligence agencies.

Do these programs and weapons work? Are they on schedule? Will they be ruinously expensive? Will they be destabilizing? To the public, and to the great majority of Congress, comes the Pentagon's reply: None of your business.

Caspar Weinberger says they are being kept secret because exposing them to outside scrutiny would truly endanger national security. What evidence we have, however, does not inspire confidence in Weinberger's assertion.

For example, the black budget includes the navy's Marine Mammal Project, a program to train dolphins as underwater kamikazes. It also includes the Pentagon's \$40 billion plan to prepare for World War IV. Four? Four. Since the Reagan administration came into office the

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strategy has been to fight a six-month long nuclear exchange and still have enough left over to fight the next round. Since there may be a shortage of people to run such a conflict, the strategy calls for computers to manage it, orchestrating space satellites and nuclear weapons over a global battlefield. Part of the program is the Defense Communications Agency's Island Sun, a project to create mobile ground terminals in the form of lead-lined trucks, enabling generals to dodge Soviet nuclear attacks as they speed down the nation's interstate highways. Also classified are related funds for the robots that could gallop like horses and walk like men and would carry out computerized orders as they roamed the radioactive battlefield.

The Air Force has the highest percentage of secret spending of any of the armed services. More than one-third of the air force budget for research, development, and procurement—about \$17 billion—is hidden. In the 1988 budget request, nearly a third of the \$2.3 billion for buying tactical missiles is classified. More than 40 percent of the \$8.4 billion for air force research and development of strategic nuclear programs is secret, as is nearly every penny of the \$2.3 billion for research and development of air force intelligence and communications projects. There are also huge entries in the air force procurement budget such as Selected Activities—\$4.7 billion—and Special Programs—\$2.3 billion.

Throughout American history there have been top secret projects that, over time, became public. The black budget has reversed that process. Take the case of Milstar, the global communications switchboard for commanding and controlling strategic forces in a nuclear war. It will consist of thousands of computer terminals on earth and a constellation of satellites operating in deep space. Congress authorized \$827 million for Milstar in fiscal 1987. How do we know that? Because last year it wasn't a secret.

This year, the Pentagon made the Milstar satellites disappear from the unclassified budget. Although everybody in the defense community knows the purpose of the Milstar satellites, they have gone black.

There are only two possible reasons for this. Either the Air Force has decided to piggyback top secret intelligence sensors on the Milstar satellites or the satellites are becoming far too costly to withstand public debate. Milstar has the highest national priority, a so-called "brickbat" classification, so perhaps money is no object. But a financial officer at a major Milstar subcontractor said in an interview that the project is far behind schedule and over budget. A systems engineer at Lockheed Missile and Space Co., the prime Milstar contractor, concurred. "In a black project, people don't worry about money," he said. "If you need money, you got it. If you screw up and you need more, you got it. You're just pouring money into the thing until you get it right. The incentive isn't there to do it right the first time. Who's going to question it?"

## No heads

Whatever national security advantage there is in keeping some of the projects quiet erodes when they become so large that they are impossible to conceal. The Stealth bomber is the most well-known top secret project. Anyone interested can buy a book on it in the Pentagon bookstore or purchase a model in any toy store. Yet it's still in the black budget. Now in the early stages of production, some of its procurement funds are stashed in an air force line item innocuously titled "Other Production Charges." The line item is \$3.1 billion. The Air Force wants 132 Stealth bombers delivered by the early 1990s. The most conservative cost estimate to date, released to a few members of Congress by the Pentagon last year, places the aircraft's cost at about \$330 million. Other military analysts say Stealth will come in at about \$450 million apiece—or more. If that last estimate is accurate, the Stealth bombers' total cost will be \$60 billion—a sum equal to the combined annual budgets of New York, New Jersey, and Pennsylvania. Stealth technology, which is designed to enable aircraft and missiles to elude enemy radar, is being used for air force fighters and bombers, nuclear cruise missiles, pilotless drones, and navy attack planes at a total cost somewhere in excess of \$100 billion. Because of the black budget status of the Stealth technology, Pentagon officials can neither sing its praises nor openly deny published reports that the Stealth bomber already is outdated because its heralded radar-evading ability has been outstripped by advances in over-the-horizon radar technology. Last summer, eyeballs rolled heavenward during an open hearing before the House Energy and Commerce Committee as Pentagon officials denied that Stealth aircraft exist.

The hearings were the result of a series of security lapses and frauds on Stealth projects. The Stealth-related criminal cases are only "the tip of the iceberg" of illegal conduct on black projects, said Robert C. Bonner, the U.S. attorney in Los Angeles, a hub of secret military contracting. One engineer hired by Northrop Corp., the lead contractor on the Stealth bomber, was a Florida chain-gang alumna named William Reinke. He was convicted of defrauding Northrop of more than \$600,000 by channeling Stealth subcontracts to a company he secretly owned.

Of course, fraud and cost overruns are not limited to black budget items. But shrouding them in secrecy compounds the Pentagon's usual problems. In one case, a Northrop purchasing agent, Ronald Brousseau, was convicted of rigging contracts on Stealth in exchange for kickbacks from subcontractors. He told a government informant wearing a concealed tape recorder how easy it was: "We don't have any heads [of the projects], we don't have any supervisory people. . . . Nobody questions dollars or anything like that. As long as I can show

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competition—whether it's true competition or courtesy competition or bullshit competition, you know."

Because information is so compartmentalized, there is virtually no supervision, critics claim. Fewer supervisors, fewer auditors, and fewer people looking over fewer shoulders cannot help but lead to runaway waste. "The Pentagon keeps these programs of almost unbelievable size secret from Congress, from the General Accounting Office, from its own auditing agencies," says John Dingell, chairman of the House Energy and Commerce Committee. "And everytime they have kept secrets from us, the facts, when they come out, have been surrounded by a bodyguard of lies." Unfortunately, Stealth will go straight into production without operational test flights, a black-budget induced practice that is certain to make matters worse.

Given the history of Stealth and Milstar, it shouldn't be surprising that many of those outside the Pentagon who have been the most thoroughly briefed on black budget programs say they could easily stand the light of public scrutiny. House Armed Services staff director Anthony Battista, who has had more access to black budget documents than most civilians, said the Pentagon has placed some programs in the black budget "not because of national security but to circumvent congressional review procedures." In some instances, he said, programs have "gone black" to conceal from Congress the fact that the Pentagon awarded lucrative contracts to losing competitors. In 1985, he said, the Pentagon gave the contract for a secret system to jam radar to the less-qualified contractor. "There are very few instances where revealing the cost of a program would adversely affect national security," Battista said flatly.

The senior members of the House Armed Services Committee, Chairman Les Aspin and Republican William L. Dickinson, have said that 70 percent of the military's black budget could be declassified at no risk to national security. Senator William Cohen, a well-briefed member of the intelligence committee, agrees many of them could be declassified. "The fact is that it's difficult to provide adequate oversight of black programs—which is one reason some of them are black."

Richard Garwin, a longtime defense consultant and presidential adviser who helped develop the hydrogen bomb, concurs: "I know quite a lot of black programs, and many of them are well-managed. But the proliferation of these programs is very bad. It is primarily to avert criticism and evaluation. It is part of a general trend of this administration to block information on its programs, whether they be classified or unclassified. And that is profoundly anti-democratic."

## Rolls-Royce and hot air

Too much secrecy, of course, can cause problems not just with weapons but with covert opera-

tions as well, as the National Security Council has vividly shown. The growth of the Pentagon's black budget has also provided a haven for more such operations. Today, spending for covert operations and secret Pentagon units around the world totals at least \$2 billion, more than at any time since the height of the Vietnam war, according to congressional sources and military analysts. The money is shared by the CIA and a host of secret forces skilled in espionage, sabotage, psychological warfare, and the use of tactical nuclear weapons—small land mines called "backpack nukes." Most covert missions funded through the Pentagon are handled by the Special Operations Forces, whose members include army Green Berets and Rangers, navy SEAL commandos and an air force wing.

The pitfalls of black-budget units can be seen in the Intelligence Support Activity (ISA), a special branch supported by Pentagon black-budget special operations funds. The ISA was—or may still be for all we know—a Pentagon covert-action unit comprised of about 250 officers, which rose from the ashes of the disastrous 1979 Iranian hostage rescue mission, Operation Eagle Claw. The Pentagon wanted a permanent, unified, clandestine group to conduct paramilitary actions and gather intelligence.

"The Activity," as its members called it, supported the contras and worked on covert actions in Europe, Africa, Southeast Asia, and the Middle East, according to intelligence analysts. It reportedly exchanged munitions for information from a country with which the United States has no diplomatic relations.

Sound familiar? There's more. One of its point men, according to congressional sources, was Lt. Col. Oliver North, who worked with the Activity on attempts to free Brig. Gen. James L. Dozier, the senior American NATO officer kidnapped for six weeks by Red Brigade terrorists in Italy.

In March 1983, the Activity's cover was blown. A retired Special Forces lieutenant colonel named James "Bo" Gritz told a House Foreign Affairs subcommittee that he had worked with the Activity on plans for a secret mission to find Americans missing in Laos. "The Activity was a field unit and would have put an American across into Laos to verify, using various recording means, the presence of Americans reported to be at specified locations," Gritz testified.

This was marvelous derring-do, and few would argue with the need for a military unit that could pull off rescue missions like this. But there was one problem: Nobody in Congress had ever heard of "the Activity." A subsequent internal Pentagon investigation determined that the Activity was out of control, running without effective leadership or oversight. Investigators found, for example, that officers in the Activity had bought a Rolls-Royce and a hot air balloon from federal Drug Enforcement Administration agents.

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Officers associated with the Activity retired or were quietly reassigned, according to intelligence analysts. One of them was Richard Secord, who left the Pentagon in May 1983 to become a private arms dealer as well as a \$1,260-a-week consultant to the Pentagon. In the fall of 1983, the Pentagon hired him as a member of the Special Operations Policy Advisory Group, a group of retired generals who were asked to provide "disinterested, expert advice" on covert actions. While Secord advised the Pentagon, he also worked secretly with North in the Iran arms deal.

No one seems to know exactly what became of the Activity. Did it cease to exist after its cover was blown? Was it renamed and reshuffled? Were its members swallowed up by the revitalized Special Operations Forces? Pentagon officials deny "the Activity" existed in the first place, so they cannot confirm or deny its continued existence.

### A tree grows in the Pentagon

The black budget should not pit those advocating government openness against those advocating national security. Secrecy invariably increases the chances of waste or screw-ups. Sometimes the need to keep information tightly controlled forces us to take that risk. But when the project is already well known (as with Stealth and Milstar), or when complete secrecy is not needed, the Pentagon should move toward disclosure—in the interest of national security.

In addition to endangering American security with shoddy workmanship or ill-planned missions, the black budget makes it nearly impossible to allocate limited defense resources. In recent months members of Congress have submitted legislation and argued privately to force the Pentagon to divulge more information about the black budget. But there remains a real danger that huge black projects will crowd out funds for the mundane items like boots, bullets and training. And if Congress ever does turn the budget knife on the Pentagon, how can it cut wisely what it can't see?

"What we see in three to four years is a train wreck coming," said Gordon Adams of the Defense Budget Project in Washington. The crash he envisions: tens of billions of dollars in black weapons projects rushing headlong in one direction, while tens of billions in budget cuts are coming the other way. "The consequences of that train wreck for national security are enormous," Adams said. "What piece of flesh do we cut? Do we mothball part of the Navy? Cut personnel? We will have to make those choices, and all for a black budget we know nothing about."

The likelihood of that crash is growing. Under the Reagan administration black budget research and development costs have jumped from \$626 million in 1981 to \$9.12 billion in this year's request. That's a number to watch. Secret Pentagon R & D has grown faster than any other sector of Pentagon spending. This foreshadows huge increases in the black budget for the 1990s, since, after all, research and development is the acorn from which the defense oak grows. Without congressional action the problem is destined to get much worse. ■

*Tim Weiner is a reporter for the Philadelphia Inquirer, which published his three-part series on the black budget in February.*