

# THE MESOCRATIC PARTY | POLICY WHITE PAPER

## Strong and Accountable

### A Modern Defense Strategy Built on Audit, Innovation, and Allied Burden-Sharing

The most powerful military on earth. Spending your money wisely.

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### Executive Summary

The United States spends more on national defense than any other country on earth — more than the next ten countries combined. The Department of Defense budget exceeds \$880 billion annually, with total national defense spending surpassing \$1 trillion when related programs are included. DoD manages over \$4.1 trillion in assets.

It has never passed a financial audit.

Not once. In eight consecutive years of full-scope audits since Congress mandated them in 2018, the Department of Defense has received a “disclaimer of opinion” every single time — meaning auditors could not even express an opinion on whether the financial statements were accurate because the underlying records were so unreliable. DoD remains the only major federal agency that has never achieved a clean audit opinion.

This is not an argument against a strong military. It is an argument that the strongest military in the world should also be the most accountable. Every dollar wasted on cost overruns, duplicative programs, and untraceable spending is a dollar that does not go to the warfighter, to next-generation technology, or back to the taxpayer.

The Mesocratic Party proposes:

- **Audit-tied funding:** No clean audit, no budget increase. DoD components that fail audits face automatic budget consequences.
- **Program accountability:** Cancel or restructure weapons programs that exceed cost estimates by more than 25%. Tie contractor compensation to performance and delivery milestones.
- **Next-generation investment shift:** Redirect spending from legacy Cold War platforms to AI, autonomous systems, cyber capabilities, space, and advanced manufacturing.
- **Allied burden-sharing enforcement:** Require NATO allies to meet the 2% GDP defense spending commitment with concrete timelines, or face graduated reductions in U.S. force commitments.
- **War powers reform:** No open-ended military commitments without explicit congressional authorization. Sunset clauses on all Authorizations for Use of Military Force.

The United States can maintain decisive military superiority while spending more wisely. The choice is not between a strong military and an accountable one. It is between a military that wastes billions and one that invests every dollar in actual combat readiness.

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## 1. The Problem: Spending Without Accountability

### 1.1 The Budget

The U.S. defense budget for FY2024 was approximately \$886 billion. National defense accounted for 13% of all federal spending. The United States spends more on defense than China, Russia, the United Kingdom, Germany, France, and several other major powers combined.

This spending supports approximately 1.3 million active-duty service members, 800,000 reserve and National Guard members, and over 750,000 civilian employees — plus a global network of bases, alliances, and force projection capabilities unmatched in human history.

The question is not whether the United States should have the world's most powerful military. It should. The question is whether it is getting maximum combat capability per dollar spent. The evidence suggests it is not.

### 1.2 The Audit Failure

DoD's financial management has been on GAO's "High-Risk List" — identifying agencies vulnerable to fraud, waste, abuse, and mismanagement — since 1995. Thirty years.

In the FY2024 audit, DoD reported \$4.1 trillion in assets and \$4.3 trillion in liabilities. The audit identified 28 material weaknesses — fundamental deficiencies in internal controls that could prevent detection or correction of significant financial errors. Entities receiving disclaimers of opinion accounted for 44% of DoD's total assets and at least 68% of its budgetary resources. The Army, Navy, and Air Force all failed.

Only 11 of 28 DoD components received clean audit opinions, contributing \$1.8 trillion of DoD's reported assets (43%) — but nearly all of those assets were in the Military Retirement Fund, not combat operations. The Marine Corps is the only military service to have achieved a clean audit opinion.

In the FY2025 audit — the eighth consecutive failure — auditors again issued a disclaimer. The report identified 26 material weaknesses and 2 significant deficiencies. Auditors could not even verify DoD's \$1 trillion Fund Balance with the Treasury.

Congress mandated DoD achieve a clean audit by December 31, 2028. Based on current progress, this deadline appears aspirational.

### 1.3 The Cost Overrun Problem

Major defense acquisition programs routinely exceed their initial cost estimates by billions of dollars and their delivery timelines by years or decades:

- **F-35 Joint Strike Fighter:** Total lifecycle cost estimated at over \$1.7 trillion. The program has experienced persistent cost growth and delays since its inception. Auditors in FY2025 found that DoD could not verify key assets in the F-35 Global Spares Pool.
- **Gerald R. Ford-class aircraft carrier:** Cost grew from an initial estimate of ~\$10.5 billion to over \$13 billion for the first ship, with significant technology maturation challenges.
- **Zumwalt-class destroyer:** Original plan called for 32 ships. Only 3 were built, at dramatically higher per-unit costs, and the ships’ gun systems were defunded because ammunition was too expensive.

GAO’s annual assessment of major defense acquisition programs consistently documents billions in cost growth and years of schedule delays across the portfolio.

### 1.4 Legacy vs. Next-Generation

A significant portion of defense spending goes to maintaining and upgrading legacy platforms designed for Cold War-era threats. The future of warfare is increasingly defined by AI, autonomous systems, cyber operations, hypersonic weapons, space capabilities, and information warfare.

China is investing heavily in these next-generation capabilities. The U.S. must shift investment accordingly — not by abandoning conventional forces, but by rebalancing the portfolio toward the technologies that will determine dominance in 21st-century conflict.

## 2. The Data: Where the Money Goes

### 2.1 Defense Budget Breakdown

The defense budget is divided into several major categories:

Category	Approximate Share
Military Personnel	~25%
Operations & Maintenance	~35%
Procurement	~20%
Research, Development, Test & Evaluation	~15%
Military Construction & Family Housing	~2%
Other	~3%

Operations and maintenance is the largest single category — and also the area where audit failures are most concentrated. Procurement and RDT&E together represent the investment accounts that determine future capabilities.

## 2.2 Major Program Cost Overruns

GAO's annual assessment consistently finds:

- Aggregate cost growth across major acquisition programs in the tens of billions.
- Schedule delays measured in years.
- Programs that proceed through development despite failing key performance benchmarks.
- Insufficient competition in defense contracting, with a shrinking industrial base.

The problem is structural: programs are designed to be too big to cancel. Costs are lowballed to win approval, then grow after the program is entrenched. Contractors have little incentive to control costs when cost-plus contracts guarantee profits regardless of performance.

## 2.3 Allied Burden-Sharing

NATO allies committed at the 2014 Wales Summit to spend 2% of GDP on defense. As of recent reporting, only a minority of NATO members meet this target. The United States spends approximately 3.4% of GDP on defense, effectively subsidizing European security.

Allied underinvestment is not just a financial issue — it is a readiness issue. If NATO allies cannot field capable, deployable forces, the burden of any collective defense operation falls disproportionately on the United States.

## 2.4 The China Challenge

China's military modernization is the pacing threat for U.S. defense planning. China has surpassed the U.S. in several metrics: largest navy by hull count, rapid development of hypersonic weapons, significant investment in AI for military applications, and aggressive space capabilities development.

China's defense spending is estimated at \$225-300 billion officially, with actual spending potentially significantly higher. China's cost advantages mean its military purchasing power per dollar may exceed that of the United States.

The U.S. maintains decisive advantages in many areas — global power projection, nuclear deterrent, alliance network, combat experience, and technological depth. But the margin is narrowing, and maintaining it requires smarter investment, not just more spending.

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## 3. The Proposal: Maintain Superiority, Demand Accountability

### 3.1 Audit-Tied Funding

DoD components that fail to achieve a clean audit face automatic budget consequences:

- Year 1 of failure after 2028 deadline: 0.5% of discretionary budget frozen until audit remediation plan is approved.

- Year 2: 1% frozen.
- Subsequent years: escalating consequences.
- Exceptions for military personnel accounts, combat operations, and nuclear deterrent.

This is not a cut. It is a freeze — money held until accountability is demonstrated. The Marine Corps has shown it can be done.

### 3.2 Program Accountability

- **25% cost cap:** Any program that exceeds its approved baseline cost by 25% triggers automatic restructuring review. Congress must vote to continue funding, with a public accounting of why costs grew.
- **Milestone-based payments:** Contractor payments tied to demonstrated performance milestones, not cost-plus formulas.
- **Competition requirements:** Major programs must maintain at least two competing providers through initial development phases where feasible.

### 3.3 Next-Generation Investment Shift

Increase the share of RDT&E spending directed toward:

- **Artificial intelligence and autonomous systems:** Unmanned platforms, AI-enabled decision support, autonomous logistics.
- **Cyber and information warfare:** Offensive and defensive cyber capabilities, electronic warfare, information resilience.
- **Space:** Satellite resilience, space domain awareness, anti-satellite defense.
- **Hypersonics and advanced munitions:** Match and exceed adversary capabilities.
- **Advanced manufacturing:** 3D printing, rapid prototyping, resilient defense industrial base.

Target: increase next-gen R&D from current levels to 25% of total RDT&E within 5 years.

### 3.4 Contractor Reform

- End indefinite cost-plus contracts for production programs.
- Require fixed-price contracts for production runs after development is complete.
- Publish contractor performance scorecards — delivery timelines, cost accuracy, quality metrics.
- Prohibit defense contractor executives from serving in DoD acquisition roles for 5 years after leaving industry (and vice versa).

### 3.5 Allied Burden-Sharing Enforcement

- NATO allies receive a concrete 5-year timeline to reach 2% GDP defense spending.
- Annual progress reports published publicly.
- Allies that fail to meet interim milestones face graduated consequences: reduced U.S. force commitments to their territory, reduced access to U.S. intelligence sharing, exclusion from joint procurement programs.

- Allies that exceed 2% receive enhanced cooperation: technology sharing, joint development programs, preferential procurement access.

This is not about abandoning alliances. It is about making alliances sustainable. The American taxpayer should not permanently subsidize the defense of wealthy nations that choose not to invest in their own security.

### 3.6 War Powers Reform

- **Sunset clauses:** All Authorizations for Use of Military Force expire after 3 years unless renewed by Congress.
- **Repeal obsolete AUMFs:** The 2001 and 2002 AUMFs have been used to justify military operations far beyond their original scope. Replace with narrow, specific authorizations.
- **Reporting requirements:** The President must report to Congress within 48 hours of any military action and seek authorization within 30 days for continued operations.

## 4. The Math

Reform	Estimated Annual Impact
Audit-driven efficiency improvements	\$5-15 billion in savings/recoveries
Program restructuring (cost overrun reduction)	\$10-20 billion in avoided cost growth
Contractor reform (performance-based savings)	\$3-8 billion
Allied burden-sharing (reduced U.S. commitments)	\$5-10 billion reallocated
<b>Total potential savings/reallocation</b>	<b>\$23-53 billion annually</b>

These savings do not reduce combat capability. They redirect money from waste, overruns, and allied subsidies toward warfighter readiness and next-generation investment.

The proposal does not cut the defense budget. It makes the defense budget more effective.

## 5. Implementation

**Year 1:** Establish audit enforcement mechanisms. Begin comprehensive program review of all major acquisition programs exceeding cost baselines. Issue 5-year burden-sharing timeline to NATO allies.

**Year 2-3:** Implement contractor reform provisions. Begin shifting RDT&E allocation toward next-generation priorities. Repeal and replace obsolete AUMFs.

**Year 4-5:** Audit enforcement consequences take effect for components failing 2028 deadline. Full burden-sharing framework operational. Next-gen investment targets on track.

## 6. How the Parties Compare on Defense

	Republican	Mesocratic	Democrat
Defense spending	Increase	Maintain + reallocate	Reduce
DoD audit	Rhetorical support	Enforce with consequences	Rhetorical support
Alliances	Skeptical/transactional	Strengthen with accountability	Maintain unconditionally
Next-gen investment	Some support	Major rebalancing priority	Some support
War powers	Executive authority	Congressional accountability	Congressional accountability
Contractors	Protect industry	Performance-based reform	Regulate
China strategy	Confrontational	Competitive + prepared	Engagement + competition

The Mesocratic position is that the strongest military requires the smartest spending — and that accountability and superiority are not in tension.

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## 7. Conclusion

The United States military is the most powerful fighting force in human history. It should also be the most accountable institution spending the public's money. Right now, it is not.

Eight consecutive failed audits. Trillions in assets that cannot be verified. Weapons programs that cost twice what was promised and arrive years late. Allies that underspend on their own defense while expecting American protection. And two parties that either want to throw more money at the problem or cut the budget without a strategy for what to cut.

The Mesocratic position is straightforward: keep the military the strongest on earth. Make every dollar count. Shift investment toward the technologies that will determine future conflicts. Hold contractors accountable for delivering on time and on budget. Require allies to carry their share. And restore Congress's role in deciding when and where America goes to war.

**Strength and accountability are not contradictions. They are the same thing. A military that cannot account for its spending is not as strong as one that can.**

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