

by Andrea Shalal-Esa and Patricia Zengerle of Reuters

U.S. presidential candidates Barack Obama and John McCain differ on the size of the U.S. military, the Iraq war and how to deal with Iran, but they have similar views on the need to reform Pentagon procurement.

Both Obama, a Democratic senator from Illinois, and Republican rival McCain, an Arizona senator, have emphasized the need to rein in chronic cost overruns in Pentagon weapons programs, and curb funding for unneeded, outdated weapons systems, but their views diverge on specific programs.

Skeptics say it may be difficult to terminate big programs, but some may become vulnerable to budget cuts.

Following are programs or issues addressed by the candidates:

ARMY FUTURE COMBAT SYSTEMS

Obama said he would slow work on the Army's Future Combat Systems program, a \$160 billion modernization effort run by Boeing Co and Science Applications International Corp.

McCain led a drive several years ago to convert terms of the contract with Boeing and SAIC into a more traditional defense deal, ensuring greater oversight. But he has stopped short of calling for cuts in the program.

MISSILE DEFENSE

Obama supports work on a system to protect the United States and its allies from missile attacks, but says it must be "pragmatic and cost-effective" and cannot divert resources from other priorities until its technologies are proven.

McCain has said he "strongly supports the development and deployment of theater and national missile defenses," and has opposed Senate amendments to cut the program.

DEFENSE ACQUISITION REFORM

McCain has led myriad initiatives to reform weapons procurements, and called for broad reforms like adopting fixed-price contracts that force companies to abide by their original estimates -- or pay the consequences themselves.

He blames consolidation in the defense industry and lack of competition for exacerbating cost overruns and other problems.

Obama has signaled support for defense acquisition reforms, telling a New Hampshire audience, "Keep in mind that there is a difference between the Pentagon budget and the size of the military. So it may be that, for example, there are weapons systems that are outmoded relics of the Cold War."

He has promised that all contracts worth more than \$25,000 would be competitively bid and plans to set up a board to review every major defense program in light of current needs and possible future threats.

Both men support measures to ensure top officials are held accountable for waste, fraud and abuse.

AIR FORCE TANKER PROGRAM

McCain pioneered the investigation that led to the collapse of a \$23.5 billion Air Force plan to lease and buy Boeing Co. aerial refueling tankers. He has come under fire from Boeing supporters, who say his interventions to ensure competition helped steer a recent \$35 billion program to Northrop Grumman and its European partner EADS. The contract was reopened after the government found problems with the selection process. McCain insists his actions were aimed exclusively at promoting fair and open bidding and said U.S. companies should not get preference over foreign ones.

Obama applauded the GAO finding and called for reopening the competition.

OTHER AIR FORCE PROGRAMS

Obama has called for preserving U.S. air power and greater investment in technologies such as unmanned aerial vehicles, electronic warfare capabilities, and "essential systems" like Boeing's C-17 cargo plane and new aerial refueling tankers.

McCain has criticized the Air Force for pushing for more C-17 purchases despite statements from Pentagon leaders that no further C-17s are needed, especially given their cost.

He helped spur an investigation by the Pentagon's inspector general into whether the Air Force improperly encouraged Boeing to continue the C-17 program.

NAVY PROGRAMS

Obama supports replacing aging ships and modernization of existing ones, with a focus on investment in smaller, more capable vessels that can operate near shore and rapidly deploy Marines to global crises.

McCain, a former Navy pilot, also strongly supports Navy shipbuilding, and says it is vital to reconfigure the military services to meet new challenges raised by the global war on terrorism. His Web site does not specifically mention any shipbuilding programs.