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Philadelphia Business Journal: Behind Hanwha Philly Shipyard's push to hire up to 10,000 workers

By Ryan Mulligan – Reporter, Philadelphia Business Journal

Apr 23, 2026

At an industrial training center in the shadow of a freshly painted orange crane reading "Hanwha" at the Navy Yard, sparks fly behind the curtains of 23 welding booths for apprentices as part of midday training for new hires.

Anchored in its own section of the Navy Yard in South Philadelphia, the 110-acre shipbuilding complex has been under the ownership of South Korean conglomerate Hanwha since its \$100 million acquisition from Aker ASA in 2024. Now operating as Hanwha Philly Shipyard, the facility is preparing to ramp up operations with a major hiring push.

The company has a goal of nearly quadrupling its workforce of more than 2,000 with a target of hiring 7,000 to 10,000 people in the next five years. CEO David Kim described the target in an interview on CBS' "60 Minutes" as part of a bid to increase production capacity at the shipyard more than tenfold — from producing one to one-and-a-half ships a year to 20.

While it's among the largest U.S. shipyards, Philly Shipyard still lags far behind others in China, Japan and Korea. In 2024, China produced 1,000 ships to the eight delivered in the U.S., according to a study from law firm Troutman Pepper Locke. The government, for its part, is investing to close that gap.

President Donald Trump released "America's Maritime Action Plan" in February in which he outlined steps to "decisively mov[e] towards a new Maritime Golden Age by expanding commercial shipbuilding capacity." The Trump administration is seeking a massive increase to the nation's shipbuilding funding in its fiscal 2027 budget, looking for \$65.8 billion for maintenance and procurement of various types of combat and noncombat ships. The budget proposal notes that the budget request necessitates increased capacity at shipyards.

Mayor Cherelle Parker bought in as well, advocating for a Philadelphia economy and workforce that could be anchored in the future by the shipbuilding and maritime industries. That anchor would be dropped in South Philadelphia — on the docks of the Port of Philadelphia and Hanwha Philly Shipyard.

"I want you to imagine if the former industrial bottom of South Philadelphia ... becomes a new thriving economic hub," Parker said during a speech to members of the Chamber of Commerce for Greater Philadelphia in February.

The South Korean government last year pledged \$150 billion toward shipbuilding investments in the U.S. Hanwha committed to spend \$5 billion of that on infrastructure in Philadelphia.

The effort does face challenges. It is about three to five times more expensive to build ships in the U.S. than it is in Asia, according to Arnav Rao, a transportation policy analyst at the Open Markets Institute. He said there needs to be a push from the government for there to be demand for 20 new ships a year.

"We've got to build out that demand, and I think that's the important part if you want this to be self-sustaining," Rao said. "The government has to be involved to try to create that demand, either through procurement or through cargo reservation."

The ambitious growth Hanwha Philly Shipyard has outlined hasn't been seen in modern times, but it's not without precedent, according to Rao. It harkens back to the eras of the World Wars when shipyards were buzzing and the Navy Yard was a hub.

The Philadelphia Naval Shipyard at its peak during World War II employed about 40,000 people and built 53 warships, but in the decades following production dwindled until the Navy base was closed in 1996.

The current iteration of the Philly Shipyard was founded in 1997 as part of a public-private partnership between U.S. government agencies and Norway-based Kvaerner's Shipbuilding Division, which later merged with Aker ASA. The shipyard primarily constructs commercial vessels to transport containers, and also has built tankers that move petroleum products.

The 1,200-acre Navy Yard, overseen by Philadelphia Industrial Development Corp., is itself undergoing a transformation. A \$6 billion mixed-use master plan from Ensemble Investments and Mosaic Development Partners on a 109-acre portion is coming to fruition with new residential, hotel, office and retail space.

An influx of new hires at the Philly Shipyard would ultimately be a catalyst for the entire Navy Yard redevelopment.

About 16,500 people now work at the offices and lab space that have sprung up across the 1,200-acre Navy Yard over the past decade. Hanwha's \$5 billion investment and ambitious hiring surge in its corner of the Navy Yard could increase the campus's daily

headcount by as much as 50%, leading to potential ripple effects across the broader site.

PIDC spokesperson Kevin Lessard said that the public-private organization is working with Hanwha to support its expansion through real estate, infrastructure, power improvements and workforce development. He noted plans to expand highway access, improve access points and SEPTA's expanded bus route that will connect Center City and the Navy Yard in August. He added that the "influx of employees will also significantly accelerate demand for retail, dining, and community amenities at the Navy Yard."

"These bring a scale of investment and job creation for Philadelphia that hasn't been seen in a long time," Lessard said .

The ambitious hiring surge puts a lot on the plate of Pedro Velis, the director of talent acquisition and workforce development at Hanwha Philly Shipyard. Velis admitted the assignment is "daunting." He outlined a plan to hire 1,000 to 1,500 new people in 2028, a number that would incrementally grow in the years following toward the 7,000 to 10,000 goal by 2031.

That includes expanding its three-year apprenticeship program from about 120 trainees per year to roughly 500. Velis said Hanwha could hire 400 to 500 people this year.

The lofty targets mean the shipyard will need more space to train apprentices, new docks, more parking and a general overhaul of its dated infrastructure. Hanwha's \$5 billion investment is aimed at just that.

Ships are assembled in a few sprawling warehouses that span the length of multiple football fields. Velis said those could be expanded and administrative offices could be moved to new buildings farther inland. An expanded training facility will be a "key linchpin" to the physical and personnel growth.

The new training facility will be up to 10 times the size of its current space, a commercial garage-like structure with a welding area and adjacent offices that are filled with the the hiss and clang of metalwork.

"We're going to impact all the different businesses that are around here," Velis said. "Whether it's food, hospitality, housing, hotel space, all that stuff, we're going to drive that."

To reach Hanwha's ambitious hiring goals, Velis will lean on the shipyard's 39-month apprenticeship program, which the company plans to expand significantly. Apprentices

start earning nearly \$25 per hour, plus benefits. Three years later, at the end of the apprenticeship, they make between \$32 and \$34 per hour, or about \$70,000 per year. Overtime can lead to hire wages. Apprentices also get 22 college credits through Delaware County Community College.

There are currently four apprenticeship tracks: welding, shipbuilding, machine operation and outfitting. Hanwha plans to at least double the number of tracks, Velis said, and seeks to add maintenance technicians, transportation workers or materials handlers.

That means an added layer to hiring, as the company will need to find people certified to teach the apprentices. Velis said that could be done through partnerships with trade schools that could tailor their curriculum to the needs of Hanwha Philly Shipyard.

Part of Velis' pitch to recruit for the apprenticeship program is the ability to get paid while they are being educated, graduate without debt and have pathways for career advancement.

Velis added that workforce partnerships with trade schools, local community colleges or co-ops for administrative staff will be another key to achieving the hiring push. He'll also look to partner with schools with proven programs related to maritime production outside the region, such as the University of Michigan and Virginia Tech.

There are also jobs on the shipyard that do not require apprenticeships. Philly Shipyard is working with the PIDC's Skills Initiative at the Navy Yard, a 14-week program that trains Philadelphians with welding experience to use it specifically for shipbuilding. Velis said he hopes to expand that as well.

After the "60 Minutes" segment featured Hanwha Philly Shipyard in March, Velis said that applications and calls poured in from across the country. He sees it as a sign that he can recruit shipbuilders from other parts of the country to come to Philadelphia.

Leaders in Philadelphia are looking to the Hanwha Ocean shipyard in South Korea as a model, albeit one lightyears ahead of Philadelphia.

The Hanwha Ocean facility at the southern end of the Korean Peninsula produces about one ship per week, compared to one per year in Philadelphia. Its training program handles about 400 workers at a time, compared to just over 20 per cohort here. The South Korean shipyard spans more than 1,200 acres — about 10 times the size of the 110-acre Philly Shipyard — and employs roughly 30,000 people, about 15 times the Philadelphia workforce.

Philly Shipyard recently sent its first group of production leaders to South Korea for a three-week training with Hanwha Ocean experts. It also brought in 50 trainers from South Korea to Philadelphia to share best practices that could be implemented.

That could be an early sign of an even loftier goal Velis is working toward that goes beyond the sheer numbers: to bring attention to Philadelphia as a shipbuilding hub and to put Hanwha Philly Shipyard in the same conversation as some of the region's largest employers.

"My No. 1 goal is that, do the majority of people in Philadelphia know that we build ships?" Velis said. "Everybody knows who Comcast is, everybody knows who UPenn and CHOP are. I'm not saying we get to that level, but it would be pretty cool if everybody's like, 'Yeah, I know who Hanwha Philly Shipyard is.'"

The Day: Officials at USS Idaho commissioning honor 'driving force' who died hours before ceremony

By Daniel Drainville, Apr 25, 2026

Groton — High-ranking officials, including President Donald Trump's new Navy secretary, gathered at the Naval Submarine Base on Saturday to celebrate the commissioning of a new Virginia-class fast-attack submarine, the USS Idaho.

A crowd of about 1,000 had gathered on Pier 6, where commissionings are usually done. It included former crew members of the last ship named Idaho, along with their family members, the crew of the new Idaho and their families.

But there was one guest who was notably absent — former Idaho Gov. Dirk Kempthorne.

Kempthorne, referred to Saturday by several officials, including current Idaho Gov. Brad Little, Republican Idaho U.S. Rep. Mike Simpson, Republican Idaho Sen. James Risch, and U.S. Rep. Joe Courtney, D-2nd District, as a driving force toward the commissioning of the new submarine, died Friday night at age 74 due to complications from late-stage cancer. He'd been diagnosed in 2024.

Kempthorne was the chairman of the commissioning advisory committee for the Idaho. Originally slated to be Saturday's keynote speaker, Kempthorne had forgone the affair amid declining health. Risch, on behalf of Kempthorne, read a speech the late former governor had written.

His absence was noted by several of the officials at the ceremony. Kempthorne had once served as the U.S. Secretary of the Interior under President George W. Bush.

Little called him the "leader whose vision helped make this moment possible."

"Gov. Kempthorne could not be with us today," he said. "But it is important to recognize his leadership and determination in securing this honor for Idaho — that a U.S. Navy submarine would carry our state's name across the world. What a proud and historic day this is for the great state of Idaho."

The decision had already been made to dedicate the engine room of the Idaho — the fifth Navy ship to bear the state's name — to Kempthorne. It now becomes a particularly fitting honor to the late, charismatic governor, whom Simpson called "a loved individual in the state of Idaho and around the country."

The crest of the sub incorporates multiple symbols tying it to "the gem state," including a cut opal depicting the Sawtooth Mountains and white pine trees, the official state tree. Alongside them are the motto "Esto Perpetua," the state's motto, which means "Let it be perpetual." The inside of the ship is decorated with images of the state, including the Sawtooths.

Built by Electric Boat, the ship was christened March 16, 2024, by sponsor Teresa Stackley, who used a bottle of water taken from the waters of Idaho.

"In all honesty, I find it amazing that I am standing here in New London, commissioning a submarine named the Idaho," Simpson said. "It's a great thing for the state of Idaho. It's a great thing for the Navy. And like I said, this will be one of the most advanced submarines in the world."

The Idaho (SSN-799) weighs 7,800 tons, is 377 feet long, and can travel more than 25 knots at depths in excess of 800 feet.

It was formally commissioned Saturday by Hung Cao, President Trump's acting secretary of the Navy for about the last 60 hours.

Cao called the Idaho "8,000 tons of pure, American might."

"What the craftsmen at EB have done is taken raw steel, bent it, welded it and fit it into the USS Idaho, a Virginia-class fast attack submarine," he said.

Cao made multiple references to America's history of craftsmanship.

"Both Idaho and shipbuilders like General Dynamics Electric Boat represent the absolute American spirit of innovation, and our can-do attitude and ethos," the secretary said. "This milestone marks the entry into the fleet as an active-duty warship, fully prepared to defend the nation's interests across the globe."

But a ship is nothing but cold steel without its crew, he said. Cao celebrated the crew for breathing life into the ship.

"President Trump's commission to our military is simple, to achieve peace through strength," he said. "The world knows we could be your biggest ally. We will be there when you need us. But we will also be your worst enemy. Just ask around. We built the largest submarine fleet in the world with their ships, which are at the bottom of the ocean right now. And if you really piss us off, we're going to fly into your country into the middle of the night and snatch you and your wife while you sleep in your beds. Because we're Americans."

Cao and others referenced Idaho's deep naval history. Cao called the state "the cornerstone of the Navy's submarine program."

Sen. Richard Blumenthal, D-Conn., and Little had pointed out that Idaho was where the nuclear science for modern submarines was conceived.

The nuclear reactor core for the USS Nautilus, the first nuclear sub, which launched in early 1954, was pioneered in the state, and the prototype for the Nautilus was built there.

Adm. William Houston pointed out that today, more than 40 percent of the Navy's major combatants are nuclear-powered.

"It is what gives the U.S. Navy its asymmetric advantage," he said. "And it would not occur without that partnership in Idaho, where naval reactors really began."

Stealth capabilities have been honed in Idaho, Little added, and during World War II, the Farragut Naval Training Station was the second-largest naval training facility, putting more than 300,000 sailors through basic training.

"To have a Navy submarine bear our name is not just an honor, it's a profound responsibility," Little said. "It is a symbol of trust. Trust that the name Idaho will be carried with pride and distinction across the world's oceans. I have no doubt that you will do exactly that."

He addressed the ship's crew directly as "ambassadors for Idaho."

EB President Mark Rayha welcomed the guests to "the submarine capital of the world," a title Electric Boat and its 26,000 shipbuilders take great pride in.

"It's our honor to be part of that legacy, where sophisticated technologies, workmanship, hard work, blood, sweat and tears are all brought together to build the finest warship that humans can take to sea," Rayha said.

Rayha said the USS Idaho passed the alpha sea trials — the initial, rigorous at-sea testing phase for newly constructed submarines — faster than any other boat in the more than two decades of the Virginia-class program. Rayha had ridden with the commanding officer, Cmdr. Chad Guillereault, and crew members on tests in Long Island Sound. He said the Electric Boat team will be saluting them as they head to sea.

Rayha said each boat EB delivers takes a large team. He highlighted engineers, Virginia's Newport News Shipbuilding and EB Ship Manager Sean Donovan.

"You watch her go from steel, to a ship that's going to carry our Navy to battle."

Courtney said EB is on a roll, with two submarines delivered last year, two delivered this year and two more, Arkansas and Utah, on the way.

The first Idaho, a steam sloop built in New York 1866 in New York for the Navy, entered service the same year, and began serving in the Far East. It arrived in Nagasaki, Japan, in May 1868, and remained for 15 months, serving as a store and hospital ship for the Asiatic Squadron. It was decommissioned in Yokohama, Japan, in 1873, five years after being badly battered by a typhoon.

The second Idaho was a Mississippi-class battleship commissioned at the Philadelphia Naval Yard in 1908. The ship served in training and fleet activity capacities across the New England coast, sailing to Cuba and around the Caribbean. After an engine loss in 1912, the ship traveled back to Philadelphia for repairs. In 1913, the ship was sent into Mexican waters to be a presence after a coup d'état was carried out in Mexico. The ship then returned to New England shores, embarking midshipmen at Annapolis, Md. In 1914, the ship was sold, and then transferred to the Greek navy.

The third Idaho was a single-screw, wooden-holed motorboat built in 1907 in Marblehead, Mass. It went in commission for naval service in Cape May, N.J., in July 1917. The ship was assigned to the Fourth Naval District, serving harbor patrol and tending submarine nets. It was returned to civilian service in 1918.

The fourth Idaho was the one that saw the most action, garnering an extensive battle record during World War II.

A New Mexico-class battleship commissioned in 1919, and which came to be known as "the Big Spud," the ship first served training and readiness operations on the West Coast, then was sent to Norfolk Navy Yard for modernization in 1931. Afterwards, it returned to the West Coast for Service until 1939, after which it was relocated to Iceland in 1941, and then Pearl Harbor.

The ship was re-gunned in 1942 and was sent to be the flagship of the bombardment of Attu. In 1943, the ship prepared for the invasion of the Gilbert Islands, providing gunfire support off Makin Atoll. The ship went on to support the invasion of the Marshall Islands, firing off Guadalin, and then onto New Ireland for diversionary bombardments in 1944. The ship then went to the Mariana Islands, where it provided pre-invasion bombardments at Saipan and Guam. After brief repairs, the ship steamed to Peleliu, where it provided pre-invasion support.

In January 1945, the ship joined the battleship group at Pearl Harbor, steaming to Iwo Jima to provide "crucial" invasion support. The ship remained there through March 7, whereupon it departed to support the last assault of the Pacific at Okinawa, Japan.

The ship arrived on March 25, and began shelling enemy batteries, and battling kamikaze aircraft. The crew downed five enemy planes. The ship entered Tokyo Bay on Aug. 27, 1945, witnessing the Japanese surrender that was submitted onboard the USS Missouri. The Idaho was awarded seven battle stars for its World War II service, and was decommissioned in July 1946.

FOX61: USS Idaho, the Navy's newest attack submarine, is commissioned after being built in Connecticut

By Solen Aref, April 25, 2026

GROTON, Conn. — On Saturday, officials from Connecticut and Idaho came together to commission the United States' newest attack submarine in Groton.

The USS Idaho is the fifth ship to bear the state's name, and Idaho Gov. Brad Little traveled to Connecticut to send it off this weekend.

"Most Americans fail to realize Idaho's Navy connections. Connecticut, logical. Idaho, needs a little explaining," Little said.

He shared that despite having a sea of their own, Navy members from Idaho made huge strides while serving.

"Today's modern nuclear Navy, the envy of the world, was conceived and advanced in Idaho," Little said.

While the name pays respect to Idaho, the submarine was built locally by General Dynamics Electric Boat, which had team members at the ceremony to celebrate the accomplishment.

Also in attendance was the new acting secretary of the Navy, Hung Cao, who was sworn in just a few days ago.

"That's the beauty of America, right? But yes, Connecticut and Idaho are about 3,000 miles apart, and you know separated by a lot of desert, a lot of mountains, everything else, but today we come together and we're united with these sailors," Cao said.

As is tradition, those sailors ran off on their new voyage during the ceremony, standing beside the submarine that is their new home away from home.

While the fleet is brand new, Commander Chad Guillerault says the crew members are already setting records.

"Our sea trials last November were the first Virginia class sea trials to finish ahead of schedule, proof of the superior performance of my crew," Guillerault said.

Hartford Courant: CT lawmaker weighs in on shake-up at top of US Navy amid record-breaking submarine building, jobs

Story by Edmund H. Mahony, April 26, 2026

The abrupt firing of Navy Secretary John Phelan last week shouldn't affect the unprecedented rate at which the service is pouring submarine construction work into Groton, according to one of the leading Congressional voices on U.S. Navy shipbuilding.

"Honestly it is hard for me to understand how that could happen," said U.S. Rep. Joe Courtney, an eastern Connecticut Democrat and ranking member of the seapower subcommittee of the House Armed Services committee.

President Trump unexpectedly sacked Phelan, a personal friend and campaign donor, on Wednesday, after any number of disagreements — some reportedly involving the Pentagon push to ramp up shipbuilding programs — between the now ex secretary and Secretary of Defense Pete Hegseth.

But Hegseth already had cut Phelan out of submarine construction, the Pentagon's top priority, by creating a new office of a submarine "czar" in February with orders to ramp up construction of the Virginia class attack and Columbia class ballistic missile submarines designed and being built by the Electric Boat Division of General Dynamics.

Appointed to the office, known officially as the Direct Reporting Portfolio Manager for Submarines, is Vice Admiral Robert Gaucher, a career submariner who once commanded the USS Corpus Christi, part of an earlier class of nuclear powered attack submarines also designed and built by Electric Boat. Gaucher reports to Deputy Defense Secretary Stephen Feinberg.

As the Navy's prime submarine contractor, Electric Boat is at the center of a push to replace an aging submarine force as the country races to balance China's rapid naval expansion and its increasingly hostile posture in the Indo-Pacific.

The Navy's aggressive schedule for acquiring the multi-billion dollar and technologically complex ships, two Virginias and one Columbia annually, has proven a challenge for both the Navy and the shipbuilder. The U.S. effectively stopped building submarines at the close of the cold war and the sophisticated industrial base supporting ship construction — both the highly skilled labor and the supply chain — withered for more than a generation.

Regardless of change at the top of the service, Courtney said he has no doubt the Navy's commitment to submarine construction is holding.

"Admiral Gaucher made the comment the other day that getting the Columbia on schedule is 'Life or death,'" he said.

Courtney said Phelan is out of the picture just as Congress begins analyzing Trump's proposed \$1.5 trillion defense budget, which sets aside a record \$65 billion for shipbuilding, an allocation not matched in more than half a century.

"Clearly there were issues within that group about whether Phelan was capable of handling the department," Courtney said. "My concern is that in the first Trump term, he had five Secretaries of the Navy in four years, which is incredibly disruptive in terms of getting things moving."

Phelan had been scheduled to speak Saturday in Groton at the commissioning of the just completed Virginia class submarine Idaho at the U.S. Naval Submarine Base. Courtney had scheduled dinner with him Monday as part of what would have been Phelan's effort to sell the administration's defense budget on Capitol Hill.

At this point, there appears to be nothing impeding shipbuilding orders reaching Groton and work on the Virginia and Columbia submarines is expected to continue for decades. The Navy has said it wants more than 60 Virginias — fewer than half of which have been delivered — and a dozen Columbias.

Courtney said a high-ranking Navy officer recently told Congress the service is consider raising the number of Columbia's it wants to 15.

On Thursday, the Navy awarded another \$196 million to Electric Boat for engineering and design work on the first Virginia submarine to be sold to Australia under the tripartite AUKUS security treaty between Australia, the United Kingdom and the U.S., a piece of the effort to contain China.

Electric Boat plans to continue hiring at a furious pace as it increases production. In late March, the company projected it will add 8,000 jobs this year at its shipyards in Groton and Quonset Point, R.I.

President Mark Rayha said at the time that 2026 hiring will be at more than double last year's rate based on Pentagon shipbuilding that has hasn't been equaled in the 40 years or so since the close of the cold war. Over the last five years, he said the company has paid Connecticut suppliers alone more than \$1.5 billion.

Rayha said EB has invested nearly \$4 billion in its shipyards over the last 10 years and plans to spend close to another \$4 billion over the next five years to increase production efficiency – most of it in Groton, to accommodate construction of massive Columbias.

“We are in a period of unprecedented growth in submarines,” Rayha said.

The Washington Post: The man turning the Pentagon into a venture capital firm

By [Elizabeth Dwoskin](#) and [Ian Duncan](#)

Emil Michael was exuberant.

In just six months as the Pentagon's new technology chief, he had met with more than 100 start-ups, he told podcaster Molly O'Shea in December, scouring the tech world for companies that could build cheaper, smarter and smaller weaponry to power the future of war. "My job," he [added](#), is to incubate a fleet of new companies that could rival the likes of Lockheed Martin, Northrop Grumman and other "older primes," remaking "the whole architecture" of the military.

Best known as Uber's No. 2 executive in the 2010s, Michael is part of a roster of Trump-era leaders who are bringing their business backgrounds to bear on the Pentagon, aiming to transform the military with a private investor's tool kit and a mindset shaped by Silicon Valley's critiques. In addition to Michael — who has been funding companies since leaving the ride-sharing company nine years ago — Deputy Defense Secretary Stephen Feinberg used to run one of the country's biggest private equity firms, Cerberus Capital Management, and Secretary of the Army Dan Driscoll, a close friend of Vice President JD Vance's from Yale Law School, had a career in private equity and venture capital.

Rather than enduring years of delays for new munitions, they argue, the Pentagon must actively search for emerging technologies to confront a landscape of growing threats — and then give the companies the financial backing to succeed. They say that a new level of innovation is necessary to fix a broken procurement system and to secure the country as it becomes enmeshed in new conflicts and as warfare evolves from tanks battling on the ground to software-enabled drones.

Michael, the Defense Department's undersecretary of research and engineering, and this cohort of private-sector leaders have pushed the Pentagon to turbocharge the commercial defense tech market. Some programs speed up projects that began under the Biden administration, while others bolster the private sector much further. One controversial initiative, led by Feinberg, now has the Pentagon take ownership stakes in companies worth billions of dollars, and Michael is using money from the One Big Beautiful Bill to deploy up to \$200 billion in federally backed loans to companies working in mineral mining, AI and biotechnology.

Michael, who joined the government last May, said his research and development division has also accelerated efforts to evaluate new tools and put them to use in the military. He pointed to start-ups making mini hypersonic missiles and seaborne drones and analyzing satellite imagery that have all been fast-tracked — and garnered multimillion-dollar Pentagon contracts.

In an interview with The Washington Post, Michael said the speed of these awards demonstrates the administration's shift in approach. "It's happened in record time because we've given them a wide-open front door," he said, along with assistance and knowledge. "We sort of bring them all the way through."

Aside from government funding, the value of private venture capital deals involving defense technology ballooned in 2025 to \$48.5 billion — almost double 2024's total, according to the data firm PitchBook.

But the new approach is also causing concern among some former Defense Department officials, lawmakers and experts, who worry that appointees of President Donald Trump may be ushering in their chosen firms and taking on risks with taxpayer dollars — while placing fewer guardrails on new technology.

"The big problem is the lack of transparency in how they choose to work with private firms," said Darrell West, a senior fellow in the Brookings Center for Technology Innovation. "It's not clear where they choose to invest or for what reason."

For the past several years roughly half of the Defense Department's almost trillion-dollar budget has gone to contractors, and the administration has set off a frenzy among tech companies for government investment that can boost their prospects.

One of the first companies to secure a loan — for \$620 million from the Defense Department's Office of Strategic Capital — was Vulcan Elements, a start-up manufacturer of rare earth magnets that has received funding from 1789 Capital, a firm that counts Trump's son Donald Trump Jr. as a partner. 1789 Capital also has funded Hadrian, a six-year-old AI-enabled manufacturing start-up that entered into a \$900 million investment partnership for submarine production with the Navy last month — one of three companies in which the Pentagon has announced taking an ownership stake.

A former senior defense official familiar with the loan program, who spoke on the condition of anonymity for fear of professional retaliation, said that Vulcan was given priority over other companies that had been slated to receive loans. This person said that, in their view, taking equity in a company — a strategy that is being adopted across

the Trump administration — was unethical, because a financial stake could motivate the department to favor that company in future contracts.

Hadrian did not respond to requests for comment. 1789 Capital declined to comment.

Vulcan said in a statement that it first won a defense contract during the Biden administration, had undergone “comprehensive diligence by multiple government agencies” and “received its contracts based on its proven ability to deliver.”

The Pentagon said that it does not give any company preferential treatment. Michael said his company selection process was transparent.

Margaret Mullins, who served as senior adviser to the deputy defense secretary under Joe Biden, said that the Trump team’s push to outsource weapons development — as it [cuts the independent oversight office](#) that tests new weaponry — could weaken the government’s capabilities.

“The Silicon Valley crowd likes to say that it was the mavericks in government that have historically been responsible for innovation, and today the mavericks are in Silicon Valley,” Mullins said. “But by ceding more and more ground to the private sector, we will erode the system that is critical to fostering and harnessing innovation in the first place.”

Though Michael is just one of several officials driving the transformation, he is Silicon Valley’s champion, a hard-charging tech world denizen whose appointment clears a path to redirect the military-industrial complex from the Beltway westward.

In an earlier era, advanced weapon technologies might have been developed by the military itself. During the Cold War, government research led to tools such as GPS, voice assistants and even the internet. Today, Silicon Valley venture capitalists and executives argue the country’s atrophied industrial base needs to be rebuilt by private companies.

“It’s not reasonable in business to expect that 100 percent of your bets are going to work,” said Shyam Sankar, Palantir’s chief technology officer, who was one of several Silicon Valley executives recently appointed to be an Army lieutenant colonel. “To a shockingly large degree, the system we have today is a consequence of having won the Cold War and facing no real threat to the nation.”

Michael, who describes himself an “entrepreneur” more than an investor, defended the Pentagon’s unorthodox and fast-moving approach. “When we do that, more private capital crowds around these companies, which means we spend less R&D dollars,” he said. “So as the taxpayer wins, the company wins, and then the warfighter wins.”

At Uber, Michael was known as a forceful dealmaker who was singularly dedicated to the company's cutthroat mission. The company [barreled into fights](#) with regulators in dozens of cities all over the world, rolling into new markets as then-CEO Travis Kalanick sought to inculcate a new model of transportation while insisting the rules governing the taxi industry didn't apply.

A former Uber colleague said he relished this sort of combat, adding that [Michael's fight](#) with the AI company Anthropic in February, which led to the Pentagon declaring it would cut off access to a key tool, resembled his practices at the ride-hailing company. Michael "would just charge through like a bull if he thinks he's right," the person said.

As Kalanick's second-in-command, Michael oversaw the rapid growth, said three people who worked with him, who all spoke on the condition of anonymity for fear of retaliation. As Uber raised billions in cash to fund its growth, Michael helped bring in investors.

Many of Kalanick's successes could not have been accomplished without Michael, said one of the people, who worked closely with both executives.

"It was 90 percent Emil," the person said about Michael's role in the company's operations. "He really understood leverage. He understood that you could play people off against each other. He understood FOMO. He's brilliant at that sort of stuff."

Michael served on what was known internally as the "A-team," the most senior among a group of advisers who reported directly to Kalanick, the three people said.

Michael was personally involved in many of the company's biggest scandals. In 2014, he bragged at a dinner that he could use opposition research to dig up dirt on a journalist, Sarah Lacy, who was critical of the company. He and Kalanick also took employees to visit an [escort bar](#) in South Korea, and several executives were accused of mishandling the medical records of an Uber passenger who was raped in India, according to her legal case. (The victim's case against Uber, Kalanick and the executive who obtained the records was settled; the victim's [case](#) against Michael was [dropped](#).)

Kalanick did not respond to a request for comment. Uber, which is now run by CEO Dara Khosrowshahi, has publicly disavowed the behavior of its original leadership team. Michael [emailed](#) an apology to Uber's staff for his comments.

In the interview, Michael compared cutting through the Pentagon's bureaucratic thicket and his work at Uber confronting taxi monopolies.

He said he built Uber into one of the world's most successful companies. "Do I go and work hard and with conviction and loyalty in the things I care about? Yes, but I view that as a positive."

As the scandals ballooned, the A-team closed ranks, two people said. Michael had "little internal tolerance for voices who were seen as insufficiently loyal or protective" of Kalanick, said the third person. "It became difficult because they didn't see that what was best for them was not best for shareholders and investors."

Another person who has known Michael for years and called him a friend described him as "smart, irreverent" and an "anti-woke warrior before it was cool."

Michael said of his tenure at Uber: "I hope we all, as adults, kind of grow out of whatever limitations we've had, but I'm pretty proud of having built one of the most important consumer companies in the world."

After leaving Uber, Michael moved to Miami, one of the first in a wave of right-leaning tech leaders to leave the Bay Area. He served as a board member, consultant or investor in dozens of companies, including some now seeking to do business with the Pentagon and other government agencies. A government ethics agreement he signed ran to a dozen pages and required him to divest of stakes in major companies including chipmaker Nvidia, Google parent Alphabet and Microsoft.

Two of his other previous investments — in Elon Musk's xAI and D-Wave, a quantum computing company that Michael helped take public and where he served as a board member — are vying for defense contracts. Michael said he fully divested from D-Wave before he was nominated to his current role. In January, shortly after xAI inked a deal with the Pentagon, Michael sold \$5 million to \$25 million of xAI stock, according to ethics disclosures he filed this month that were [first reported](#) by the Guardian.

Michael said he had recused himself from departmental decisions involving any company he had worked with in the past, and the Pentagon confirmed that this recusal included xAI.

Defense Department spokesman Sean Parnell said Michael is "in full compliance with all ethics laws and regulations. Any claims otherwise are false."

Friends said that he is scrupulous in evaluating companies.

"He's very comfortable with brutal honesty and being extremely objective, and that sometimes might rub people the wrong way," said Delian Asparouhov, a partner at the Peter Thiel-backed venture firm Founders Fund, which invests heavily in defense

companies. “I’ve not seen his historical, personal relationships with people have any bearing on how he ends up interacting with them in his official capacity.”

Michael’s arrival at the Pentagon marked the culmination of a shift that began in 1993, when Clinton administration officials informed defense industry executives over dinner that the Cold War was over and federal spending would be cut dramatically.

The meeting — dubbed by defense CEO Norm Augustine “the [Last Supper](#),” ushered in a period of dramatic consolidation in the industry. More than 50 top contractors were whittled down to a handful of companies that held enormous sway with the Pentagon.

To many in the tech industry, the Last Supper also began a cycle of entrenching a calcified, rule-laden acquisition system that is now in desperate need of change. Today, some experts have said that the U.S. industrial base is so under-equipped that in an actual war with China, the country could only produce [a few days](#)’ worth of weapons and ammunition without running out, according to the nonpartisan research organization Rand.

For years Silicon Valley didn’t want any part of the system, harboring a deep distrust of the national security world. In 2018, Google employees forced the company to end its participation in the Defense Department’s experimental project to develop what was then called “Algorithmic Warfare.”

But led by Thiel, some in the tech world began to see opportunity in supplying the military. Thiel backed Palantir, which analyzes vast amounts of military and intelligence data and stepped in to take on the work Google abandoned.

Toward the end of Barack Obama’s second term, defense officials began efforts to repair the relationship, launching an outpost in Silicon Valley known as the Defense Innovation Unit. That work continued in the Biden era, with the office Michael now runs securing funding to ease the path for start-ups to sell their wares to the military and issue cheap loans to new firms.

“We were not as flashy as the current administration,” said a former official.

Yet, Joseph Felter, director of the Gordian Knot Center for National Security Innovation at Stanford University, said there remains a fundamental difference between the military — which prizes dependability — and Silicon Valley — where risk-taking prevails.

“That is where the two cultures tend to clash,” Felter said. “Our acquisition system is designed to limit risk.”

And while there is broad agreement among national security experts that the Pentagon needs ways to more quickly acquire cutting-edge systems, other experts see the potential for conflicts of interest as the industry and the department get closer.

“A lot of the pressure for procurement reform is really about helping venture capital cash out,” said Roberto González, an anthropology professor at San José State University, who studies militarization and technology. González said that’s because defense tech firms are under intense pressure to turn profits quickly: “The best way to do that is by landing a big multiyear Pentagon contract.”

Michael, though, views the changes he is ushering in as a win-win. He described the Pentagon putting up its own money as a way to signal where private investors should put their dollars, creating a more diverse group of companies to help protect the country.

“That’s really become a supercharge for these critical areas where we need to build up our capacity,” he said.