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Looking to Europe For Arms Expertise

By Rick Atkinson and Fred Hiatt
Washington Post Staff Writers

LONDON—When the sun threatened to set on the British arms industry more than a decade ago, the government turned to a man who knew more about textiles than tactical missiles.

As one British officer put it, Derek Rayner was dismissed by the military as the "ladies' panties man": he was a shrewd manager of Marks & Spencer department stores but an ignoramus when it came to weapons.

Unperturbed, Rayner cheerfully pounced on Britain's arms makers in 1971 with missionary zeal. For his gospel, he flourished a commandment from the prime minister: Shove the generals aside and drum some business sense into Her Majesty's Government's weapons buying, at the time deadweighted with cost overruns and inefficiency.

"I always remember the general who said, 'It doesn't matter what it costs, as long as we get what we want,' " Rayner (now Lord Rayner, for his troubles) recalled with a chuckle. "And I said, 'Oh, ho, it matters now.' "

As the United States wrestles with its own cost and quality gremlins, many would-be reformers of U.S. habits are casting abroad for solutions. It is becoming conventional wisdom that, in addition to the kind of chipper common sense displayed by Rayner, the Europeans are worth emulating for their civilian control of arms buying, efficient pennypinching and tight rein on defense contractors.

Congressional experts and even President Reagan's Grace commission have endorsed the idea of an independent arms-buying agency similar to that launched by Rayner. A flurry of other studies laud the French system, dubbed "perhaps the world's most efficient" by a recent Central Intelligence Agency report. And the U.S. General Accounting Office has investigators traipsing from Tel Aviv to Bonn looking for more clever ways to buy arms.

In fact, the Europeans do some things better than the United States, but they also do some things worse. Above all, they do most things very differently: As seen from Europe's defense ministries, the American war machine is clearly one of a kind.

The native idiosyncracies of American defense and democracy raise questions about the extent to which European ideas could take root in Washington. For one thing, there is nothing in the rest of the West remotely approaching the U.S. military in magnitude. The Pentagon spends more in an afternoon than Whitehall spends in a week.

Furthermore, regardless of how Congress and the Pentagon appear to coddle the U.S. defense industry, no nation comes close to the American effort at injecting free enterprise and competition into the arms business.

And no other nation subjects its industry to the kind of relentless spotlight turned on American contractors by the public, press and Congress, an inquisition that astonishes the Europeans. "In the States, you have a much more brutal, much more violent relationship," said one senior French official, contrasting that to the "convivial" ties between European defense firms and their governments.

"I don't think it's as fashionable to knock the industry here," a British official added. "If the $600 toilet seat happened in Britain, there wouldn't be the same to-do. Well, it wouldn't come to light in the first place. We're less open."

The Europeans also marvel at the massive American bureaucracies—in both government and industry—and the concomitant duplication among the military services.

"You're really wasting enormous amounts of money," Sir Raymond Lygo, chief executive of British Aerospace, said with a shake of his head. "It's quite unbelievable."

"I had the worst opinion of our procurement system while I was in Germany," added Gerhard M. Brauer, a West German arms specialist interviewed in his Washington office. "Then I came here."

The Tank Olympics

Last month, on the plains of Bergen, West Germany, America's $2.4 million M1 Abrams tank was finally going to prove itself.

Busloads of U.S. soldiers barreled into Bergen from north and south, determined to show in a spectacle of smoke and gunfire that their M1 was the finest tank in the West. Even General Dynamics Corp., M1's maker, sent a pit crew to the Canadian Cup competition, the olympics of tank gunnery, to make sure nothing went wrong.

But something did. After a week of shooting-and-scooting before international judges, a German tank snared the gold.

The Germans, of course, have always been skilled tank makers, and their triumph in Bergen in no way undercut the M1, which also scored well. But the story of their Leopard 2, which the U.S. Army shunned several years ago as not quite good enough, says much about what the Europeans do right.

The M1 was 20 years in the makng, with its revolutionary engine, fire control and night sights. The Germans, whose arms industry began to rise from the ashes of World War II only in the late 1950s,

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built their Leopard 1 in five years, the Leopard 2 in six, and emerged with a tank as good as, if not better than, the Abrams.

"We don't have as much money, and therefore we have to settle for something less," one British official said of Western Europe. "Sometimes that's the best thing, because your [U.S.] weapons are sometimes too sophisticated."

Turning bare pockets into a virtue, many foreign defense ministries excel at refining, improving, incrementally advancing. As a CIA study concluded, relatively meager resources in Israel and Europe have "forced those systems to do the most with what they have."

Among European arms buyers, it is the French who usually draw the most kudos, a tribute to the reforms of Charles de Gaulle. In 1961, hearing the familiar refrain of rising costs, the French president trampled the objections of his officers and created an "armaments directorate," known by its French initials, DGA.

This fourth branch of military service, outfitted with special uniforms to distinguish its officer *ingenieurs*, buys the military's weapons without being a slave to any army general or navy admiral. With most *ingenieurs* educated at the French equivalent of the Massachusetts Institute of Technology, the DGA is a formidable force in France, answerable only to the defense minister and savvy enough to butt heads with the nation's monopolistic arms merchants.

"You control monopolies with smart buyers," Pierre Marais, a retired French general, said in Paris. "The engineers have training and qualifications as good as anyone in the company. They can say, 'I am at least as competent as you are.' "

By restraining soldiers from asking too much of a weapon and by bullying manufacturers into delivering on their promises, the DGA is seen as an effective brake on the kind of "goldplating" that afflicts many U.S. weapons, which are ordered and paid for by the officers who will use them.

"The army will say, 'This is what I want,' " Marais continued. "The DGA will say, 'This is what technology can offer you.' But the important thing is, it's not the industry saying this—it's another branch of the military."

While France's uniformed buyers may be one of a kind, the idea of one centralized weapons-buying agency is not.

Great Britain, West Germany, Sweden and Canada have moved toward central and civilian control over arms purchases.

Only Norway, Turkey and the United States have resisted the trend, permitting their armies, navies and air forces to buy their own equipment, according to a recent Congressional Research Service study.

Not everyone in Europe endorses centralized control. For one thing, even in Lord Rayner's ministry, the services retain a prominent role in purchasing, setting weapons requirements and cultivating informal contacts with industry.

But the European model has proved seductive to many critics of the U.S. system.

"Adopting the French system would free at least 50,000 people in the Washington area to look for honest work, and would greatly improve the procurement process," Air Force analyst Thomas S. Amlie wrote. "However, it would devastate the local economy, particularly the real estate market, so it's not about to happen."

Problems of Their Own

In military warehouses, huge bags of sugar were found congealed "under the weight of tattered tarpaulins and the pigeon droppings that have come through gaping roofs," according to a newspaper account.

The culprit was not the U.S. Defense Logistics Agency but the British supply system, as described by The Financial Times. The Europeans, in other words, have troubles, too, many of which give pause to anyone looking for lessons overseas.

The West Germans, for example, decided not to buy the American Apache attack helicopter, vowing instead to build one at home for half the cost, according to a U.S. military officer in Bonn. "Now they find themselves with a helicopter that looks like it will cost twice what the Apache does," the officer added, "and have half the capability."

The Germans are not alone. The British opted to build "Nimrod" as a competitor to Boeing's Airborne Warning and Control System (AWACS) planes. Years later, Nimrod is millions of pounds over budget and still not airborne.

"One thing can be said right away," German procurement official Georg A. Kuenhold acknowledged. "Cost overruns and complicated procedures are everywhere."

But from an American vantage point, there are traits beyond the occasional overrun that may be less attractive to those lured by the European systems.

For example, parliaments in Western Europe rarely intrude. They approve or reject proposed budgets, but lack authority to comb through proposals line by line, the kind of sifting that lends clout to congressional staff members in Washington.

Sir Frank Cooper, for five years Britain's permanent undersecretary of defense, said he appeared before parliamentary committees about five times a year. In France, defense officials can refuse to answer queries from the National Assembly.

By contrast, Lawrence J. Korb, an assistant U.S. defense secretary, spent 36 hours testifying at 18 hearings during the first half of 1985.

Nor is the European press much of a watchdog, despite The Financial Times' sugar anecdote. Like parliamentarians, journalists tend to focus on strategic questions—such as how much of the defense budget should go toward nuclear weapons—more than defense management.

"The [$600] ashtray would have never been in the press," Marais said. "A French reporter, even if he knew, wouldn't print it."

That dearth of scrutiny means less haggling over minutiae but it also obscures inefficiency and corruption. Excerpts surfaced in 1976 from a secret French finance ministry report alleging overseas bribes and an "extraordinary waste of money" in the arms industry; but

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the full report was never released and public interest quickly ebbed.

"Having no information about scandals doesn't mean there are no scandals," a U.S. Embassy official in Paris said.

In many ways, parliament and press represent European public opinion in their attitude of benign neglect.

"I would think you'd have to hunt very hard in this country to find people overworried about the influence of the defense industry," Sir Frank said. "It's not like the States."

One British Aerospace official recalled the behavior of U.S. officers at the Farnsborough Air Show of 1976, when Washington had cracked down on generals accepting entertainment from contractors. British Aerospace had to indulge American officers with a box in front of its hospitality chalet for "voluntary contributions" and an improvised receipt system using coat-check stubs. "We thought it was the craziest thing we'd ever seen," the Britisher said.

Furthermore, with fighters wearing $50 million price tags and tactical missiles costing $1 million and up, no European budget can support more than one major aircraft, missile or helicopter firm. Despite the Pentagon's much-berated tendency to stifle competition at times, Europeans envy the free enterprise that does exist in the American arms business.

As the number of prime contractors dwindles, European nations tend to protect their defense industries as national assets, whether they are government-owned, as in France, or partially government-owned, as in West Germany, or once government-owned and recently returned to the private sector, as in Great Britain. "There's no choice for us," West Germany's Kuenhold said. "We need these companies."

So the Europeans aid and subsidize their contractors more freely than the Pentagon, complicating cost comparisons. U.S. officials contend, for example, that the true cost of the European-built Tornado fighter is $40 to $50 million, as much as the U.S. Air Force's F15; Europeans say the price is less.

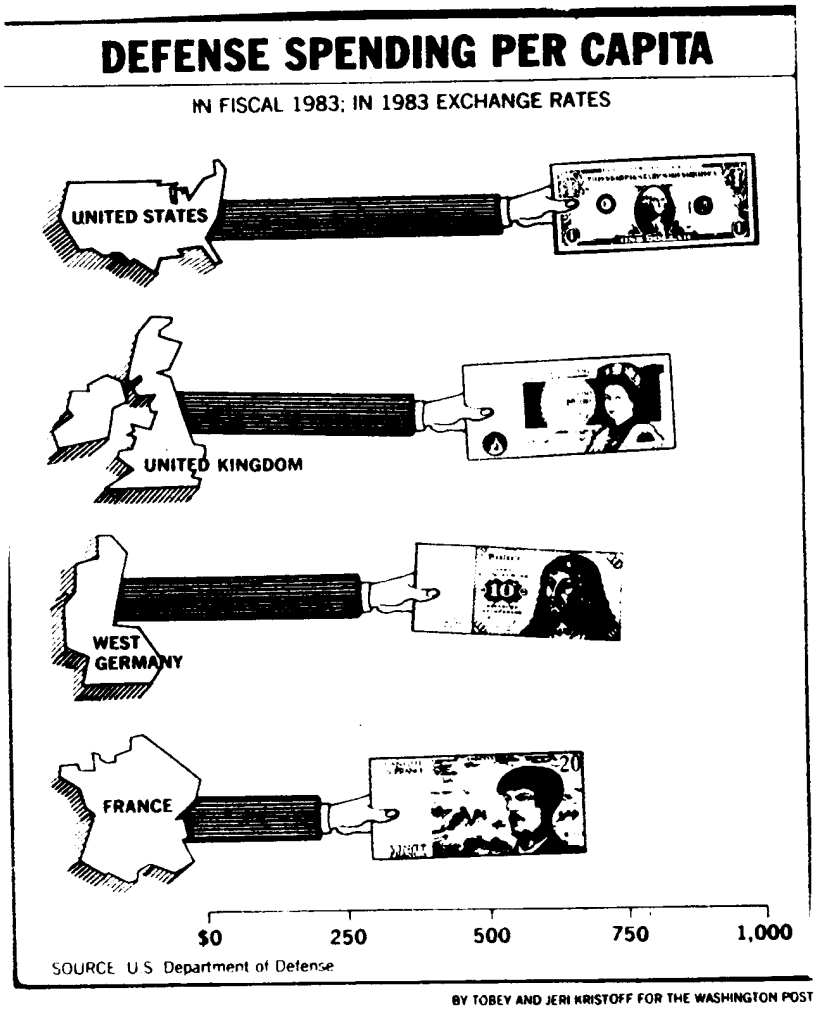
U.S. officials also contend that their military technology outshines Europe's. "The F15 is by far a better aircraft than anything the French could hope to produce," said a U.S. official in Paris.

The vast difference in scale between the U.S. effort and any nation but the Soviet Union makes all comparisons suspect.

"Trying to draw lessons from armed forces that are the size of our Coast Guard is more likely to lead to error than insight," said U.S. Navy Secretary John F. Lehman Jr. "We buy, just in the Navy Department, five to 10 times as many kinds of things as any country except the Soviet Union."

Or, as Pierre Marais put it with Gallic flair, comparing the French system with the American would be "comparing peanuts and truffles."

Staff researcher James Schwartz contributed to this report.



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