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REVIEW & OUTLOOK

Packard and the Complex

Congressmen, retired generals, and think tankers who have clamored for "military reform" are on their seat edges. A bipartisan panel on Pentagon procurement, headed by ex-defense aide and current Hewlett-Packard chairman David Packard, will start issuing suggestions soon. So the Beltway's would-be Bismarcks are scrambling to get in a plug for their own gimmicks, from more "competition" to less "interservice rivalry" to "tighter auditing."

We hope the commission will take a step back from this morass and consider some basics. For example: Half the major U.S. weapons makers are now under investigation. If these companies are not guilty, a new scapegoat will have to be found for the $3,000 coffee makers congressmen wave to an eager press. On the other hand, if Congress can force more corporate officers to follow the head of General Dynamics up to the guillotine, there will be a whole industry to rebuild.

So as the members ponder $80 wrenches, or the reasonableness of kennel bills as an "indirect expense," or one senator's concern about radios used in the successful invasion of Grenada, they might ask whether, if these are topics of discussion, something fundamental isn't askew. They might wonder whether "increased competition," a "procurement czar" or any other solution will work—if carried out by the same Military-Congressional Complex that has audited the industry to its knees.

Are we suggesting that all these waste-and-fraud checkers and arms-control analysts should be swept away? That the defense establishment might be able to do without the Defense Contract Audit Agency, Defense Logistics Agency, Arms Control and Disarmament Agency, Office of Technology Assessment, and some 30-plus House and Senate committees that oversee weapons? Well, yes.

To imagine a system without all those checks and double-checks is hard for politicians, and even executives. All have grown used to regulation and oversight. To talk about removing them is like telling a Soviet planner you can have an economy where prices get set, goods allocated and wages paid, all without a single order being issued. Scary.

So we've read up on the problem as it applies to weapons. And we recommend to Mr. Packard two items.

Item one is the House-Senate report on Public Law 88-288, "to authorize appropriations during fiscal year 1965" for the Armed Forces. The bill passed on March 20, 1964. It runs three quarters of one page. By contrast, we have a similar House-Senate report: 519 pages, it was published Sept. 10, 1985. Nor does it represent the final work of Congress on the defense bill. House and Senate conferees bitterly debated this "authorization" into October, after the actual "appropriation" of money should have been finished.

Item two is a study by Robert A. Magnan for the Central Intelligence Agency, reported by Jack Anderson and obtained by the Journal, comparing U.S. and foreign weapons building. Mr. Magnan finds that "not a single foreign country" with a substantial military builds weapons like we do.

France, for example, recently surpassed the U.S. in open-market arms sales. Yet France "has no real review of the defense budget," Mr. Magnan writes. Research budgets are secret. The Defense Ministry routinely ignores questions from Parliament. "The biggest single strength of the French system is the existence of a professional, independent service . . . that is trusted to manage."

That service employs 25 people. "You people do the work of tens of thousands of us bureaucrats in Washington," said an astonished American general. "Of course, most of us are writing memos to each other."

The French also rely on "fixed-price" contracts. The contractor sets a price "bid" for a system and the government accepts or rejects it. If the contractor delivers the product to quality specifications, he gets his price. No one even has to figure out who should pay what kennel bill. Analogous procedures inhere in Germany, Israel and even the Soviet Union.

We have been giving congressmen a lot of heat for their role in military waste. To their credit, some, like Sam Nunn and Barry Goldwater, have accepted a share of the blame. Yet it will not be enough if individual congressmen merely refrain from the excessive oversight of recent decades, leaving intact the vast complex that does most of the damage.

The tragedy, Mr. Magnan notes, is that "all participants in the U.S. process appear to sincerely try to make the system work better." Yet, "the more assiduously each participant performs its function, the slower the system works and the less stable its programs." Hence weapons like the Polaris submarine "seem to succeed to the extent that they are lifted out of the formal acquisition system."

If generals and executives in France and Russia can be trusted, surely they can be in the U.S. That is what cutting-edge reformers like Rep. Jim Courter suggest today. That is what the Packard Commission should recommend in months to come.