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## Packard defense reforms: worse than the problem

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*Robert Gallagher reports on the economic impact of the Packard Commission recommendations, in Part II of a series on the attacks on the U.S. defense industry.*

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Whatever anyone may say about Trilateral Commission founder David Packard's intent, the impact of the recommendations of the President's Commission on Defense Management which he chairs, will be disastrous for both the nation's economy and defense. The Commission recommendations will, if implemented, result in lower productivity growth in defense and nondefense industries. They would seriously curtail 1) the conduct of defense research and development, and 2) the manner in which defense research and development serves as a "science driver" for the whole economy and produces technology that benefits civilian industry. The immediate purpose of the recommendations is to strangle the Strategic Defense Initiative, which Packard's Trilateral Commission has always opposed.

The recommendations, officially presented to President Reagan in final form June 30, call for budgetary constraints ultimately set by the International Monetary Fund, to guide the formulation of military strategy.

National security can not be funded by the equivalent of what's available at a bargain basement sale. "Cost-effectiveness" is irrelevant to defense programming. Aside from that major consideration, by placing the emphasis on accounting practices rather than meeting the military mission to defend the nation, the effect of the Packard recommendations will be to increase the number and magnitude of cost overruns.

By its organizational proposals, the Packard recommendations will introduce chaos into defense weapons programs by pitting program managers against one another. The now stagnant aerospace/defense industry will be further collapsed, further weakening the civilian economy, etc.

The Packard recommendations undermine the missions assigned to our military services by subordinating them to balancing the budget. This *EIR* review is thus partially concerned with evaluating the economic impact of mission-oriented defense programs versus the budget-oriented programming called for by Packard.

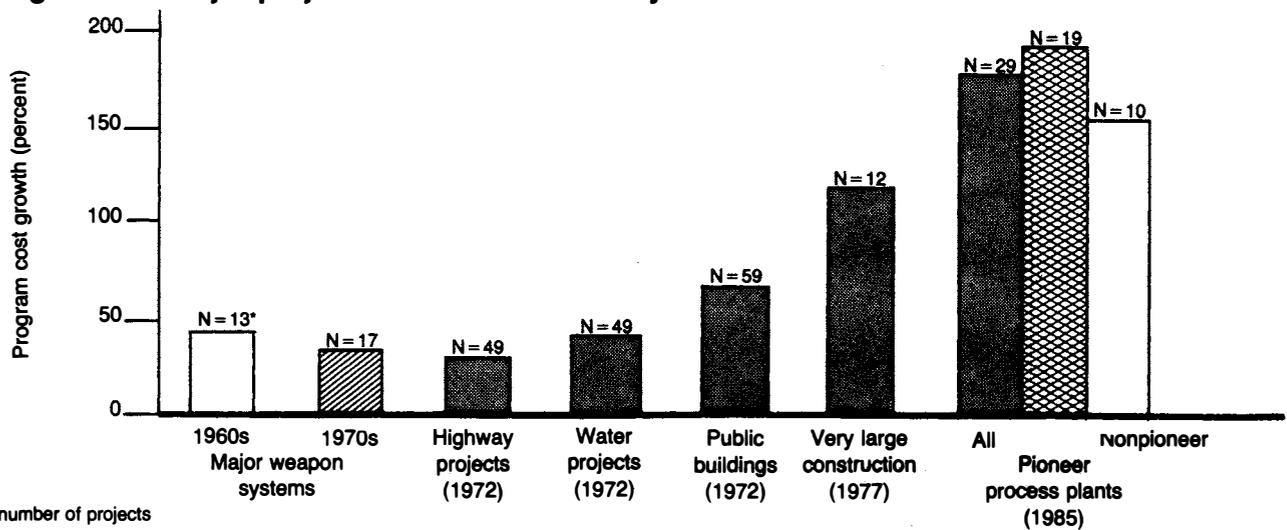
Nonetheless, a degree of mission orientation persisted in the military into the 1980s, and has begun to grow and dominate U.S. defense policy under President Reagan's rejection of MAD and establishment of the Strategic Defense Initiative (SDI) in 1983. The purpose of the Packard Commission is to destroy the SDI and mission-oriented defense budgeting by subordinating the defense needs of the nation to budgetary restrictions determined by the IMF.

### **Packard's incompetent standards**

Despite the media hype, much of the hue and cry over defense cost overruns is baseless. The inflation in the cost of major Defense Department weapons systems is lower, frequently much lower, than the vast majority of large civilian projects, whether commercial or governmental (see **Figure 1**), according to tabulations of the Rand Corporation and the Analytic Sciences Corporation (ASC). Instead, we would expect the inflation in cost for major defense programs to be greater than all civilian projects since civilian programs are based on proven technology, while military programs usually involve new technology and first-time application.

This data calls into question the purpose of the rash of criticisms of defense weapons programs, including the recommendations of Packard. Although the Commission's re-

FIGURE 1  
**Cost growth in major projects—civilian vs. military**



\*N = number of projects

Source: "Improving the Military Acquisition Process—Lessons from Rand Research," (R-3373-AF/RC) The Rand Corporation, 1986.

port acknowledges the Rand and Analytic Services reports, it strangely insists on applying inferior commercial standards to defense weapons programs to lower defense program costs. Packard himself told President Reagan Feb. 28, "we must run the Defense department more like a business."

The failure of "business" to keep basic nondefense industries like iron and steel, machine tools, and power production, on a continuous trajectory of growth and technological advancement, indicates that Packard is either an idiot, or a liar out to wreck our defense industries. The tremendous rise in cost of military systems is largely the result of a series of destructive federal government policies implemented since Robert McNamara was secretary of defense.

To motivate "reform" in areas where defense is already outperforming other segments of the economy, the Commission reports make use of the news media perception game. We have already mentioned the case of cost overruns. In addition, there is the so-called "spare parts scandal."

Much has been made of the \$475 hammers or the \$600 toilet seats, uncovered by the media over the past years. Less known is the fact that these prices were determined by accounting practices dictated by the Office of Management and Budget (OMB), to assign a calculated amount of overhead to any item however small; they are not set by the actual cost of the item. As the Packard Final Report states "the use of unsuitable cost allocation procedures that grossly distort the price tags of inexpensive parts," is responsible for these prices. In addition, much of the spare parts "overpricing" scandal is a fraud. *Aviation Week* magazine reported Feb. 11, 1985:

When two [senators] brandished what they claimed were \$600 Navy toilet seats on the Lockheed P-3C

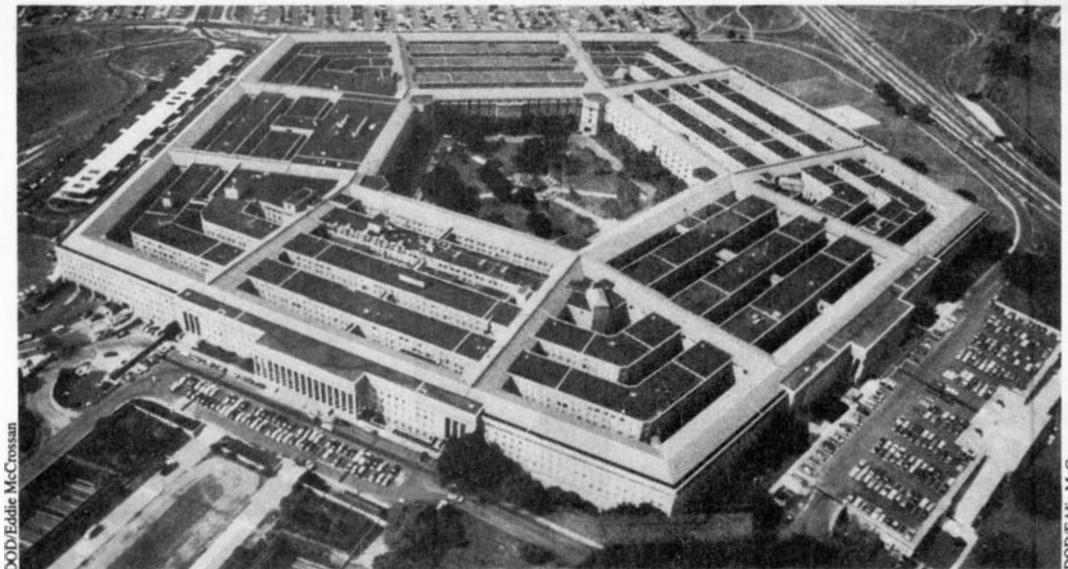
Orion [ASW aircraft] . . . a reporter called Lockheed and the Navy and found that the toilet seat cost \$10, not \$600. A shaped composite shroud that contains the tank and plumbing—certified for operational strengths and fuselage fit—cost, on a onetime contract for 54 units, \$584 each.

Despite these facts, Packard turns around and uses the fake "spare parts scandal" to promote policies that would destroy the science driver role of defense programs.

The Packard Commission Report states that industry fraud is not behind defense program problems, and in its final report, goes so far as to state that the news media has created the false public perception that defense contractors are dishonest. But it then uses this "perception" to call for massive, expensive, self-policing programs by the industry and DOD!

By no means do we argue that defense weapons program managers and contractors are pure-hearted Christians, whom pagans in the media and Eastern Establishment are throwing to the lions. In the 23 years since Defense Secretary Robert McNamara proclaimed the policy of Mutually Assured Destruction (MAD), our defense programs have been destroyed, and careerist bureaucrats and accountants have come to dominate even our military services. Anyone who argues that our nation's defense be run more like a business is calling for movement in the wrong direction, at the wrong time.

Between McNamara's 1963 announcement of MAD and March 23, 1983, the liberal establishment was generally satisfied with the destructive process initiated by McNamara, and continued by Defense Secretaries Cyrus Vance, James



*Much has been made in the media about the Pentagon's alleged cost overruns, including \$475 hammers and \$600 toilet seats. Many of these charges are outright lies; but where overpricing does exist, it can generally be traced to the accounting practices originating with Robert S. McNamara, and imposed by the Office of Management and Budget.*

Schlesinger, and Harold Brown, to effectively strip the military services of the ability to carry out their assigned mission to defend the nation. But on March 23, 1983, President Reagan gave back to our military their mission to defend the nation against Soviet military buildup, in the form of the Strategic Defense Initiative (SDI). It is this mission orientation that is the actual target of the Packard recommendations. The Packard Commission and the series of indictments against defense contractors, such as the General Dynamics case over the Sergeant York gun, seek to wreck defense research and development, as will be documented below.

The Commission report suggests that the Commission is cooperating with those who seek to bring about a "New Yalta" compromise with Russia. In one of its most offensive statements, the Commission calls for a de-emphasis on the use of technology to produce weapon systems that outperform Russia's, focusing on using it "differently" to reduce unit weapon systems cost to the OMB:

Fully exploiting our technological leadership is critical to national security. The Soviet Union has twice as many personnel in its armed forces, and produces military equipment in far greater quantities than the United States. We depend on our technological advantage to offset this quantitative disadvantage. But our technology can be exploited in two quite different ways: to reduce cost (so that we can better compete in quantity), or to increase performance (so that we can compensate for our smaller quantity).

We believe that DOD should place a much greater emphasis on using technology to reduce cost—both directly by reducing unit acquisition cost and indirectly by improving the reliability, operability, and maintainability of military equipment.

President Reagan established the Commission on Defense Management on July 15, 1985 "to study the issues surrounding defense management and organization, and report its findings and recommendations." This occurred in response to congressional hearings on defense procurement and the introduction of new legislation. The President made a big mistake in choosing Packard, chairman of the board of the Hewlett-Packard Corporation, to head the Commission.

The Commission was given responsibility for reviewing everything from defense acquisition and the defense industrial base to the responsibilities of the Joint Chiefs of Staff.

At this writing, the Packard recommendations are becoming law. The Commission Final Report summarizes action taken up to its June 1986 release.

On April 1, 1986, the President issued National Security Decision Directive (NSDD) Number 219, directing DOD and other responsible Executive agencies to implement virtually all of those recommendations contained in our Interim Report that do not require legislative action. On the same day, the Secretary of Defense issued detailed instructions to DOD for this purpose.

On April 24, 1986, the President sent to Congress a Special Message requesting the early enactment of legislation in order to implement the balance of the recommendations in the Commission's Interim Report. . . .

Both the House and Senate have passed legislation, now awaiting conference, which substantially achieves the objectives of our Interim Report. . . .

A substantial number of leading defense contractors recently have pledged to adopt and implement principles of business ethics and conduct that acknowledge corporate responsibilities under federal

procurement laws. This important initiative . . . is in keeping with the Commission's recommendations on improvements in contractors' self-governance.

### In McNamara's footsteps

Packard recommends to subordinate the formulation of defense policy to "the larger questions of the nation's overall foreign policy and domestic economic and fiscal objectives" to produce "a fiscally constrained national military strategy." The loyalty of an official who proposes such a policy lies ultimately with the International Monetary Fund, a fact that under current circumstances of shared common interest between the Trilateral Commission crowd and the Soviet leadership, would make him a Soviet agent of influence. Like the Gramm-Rudman-Hollings bill, Packard's recommendation is unconstitutional, since it compromises the mandate to the President and the Congress to provide for the defense of the nation.

The traditional formulation of the military budget, in the period prior to the tenure of Defense Secretary Robert McNamara (1961-68), flowed from the specific missions assigned to the armed forces as a whole, and to the specific military services. It remains the mission of the United States Army to provide a defense for the continental United States against ballistic missile attack. A mission of the United States Air Force and the Air National Guard, is to provide defense against long-range bombers with fleets of interceptor aircraft. Another assigned mission of the Air Force is to deploy a force of intercontinental ballistic missiles capable of defeating the Soviet Union in a conflict.

Such missions require programs to develop anti-ballistic missiles, anti-aircraft missiles, interceptor aircraft, and other weapons systems by the defense industry. The proposed level of funding for such programs was originally determined by the magnitude of the military threat to the nation. When, two years before Sputnik, U. S. intelligence discovered that the Soviet Union had nearly completed development of an intercontinental ballistic missile, President Eisenhower assigned "the highest national priority" to the Air Force ballistic missile program. The program was given an unlimited budget.

The adoption of the policy of mutually assured destruction, began to remove the mission orientation that had guided the formulation of national defense policy and budgets. Although the Army retained its mission of ballistic missile defense, all programs to provide that defense were downgraded, cut back, and ultimately killed under the 1972 ABM treaty. MAD made the defense policy of the United States fundamentally insane: It became official policy not to provide a defense for the nation against missile or bomber attack, since an effective defense would overturn MAD.

We have had over this entire period, an Army, a Navy, and an Air Force all incapable of carrying out their missions of defense because the foreign policy establishment forbade it. It is hardly surprising that defense programs became disoriented under those circumstances.

At the same time, McNamara's advisers from the Rand Corporation, such as Henry Rowen, turned defense weapons development policy on its head. Rather than evaluate proposed weapon systems on the basis of the missions they would accomplish, McNamara's people evaluated them based on whether they were "cost-effective" under MAD. McNamara rejected development of a strategic ABM defense with the presumption that the enemy could more cheaply field sufficient ICBMs to overwhelm the defense. The traditional view would evaluate such a situation as a reason for a high priority research and development program. This is a good example of how the accountant's mentality can succeed in modifying the constitutionally mandated mission of national defense programs.

McNamara's MAD cost-accounting policies echoed the proposals of James Schlesinger in his 1958 *Political Economy of National Security*, a factional diatribe against the programs of Admiral H. Rickover and Gen. Bernard Schriever, and Gen. John Medaris. Schlesinger stated that the development of the ballistic missile introduced new policy options in national economy. Since, he argued, there is no defense against the nuclear armed ballistic missile, it is only necessary to keep in operation a sufficiently large fleet of ICBMs. Heavy industry, he asserted, was no longer necessary to provide for the national defense.

On the basis of such reasoning, many challenging research and development programs were killed in the 1960s: the nuclear-powered surveillance aircraft, the supersonic transport, the Air-Force manned orbiting laboratory, the original 1960s proposal for an aerospace plane, Project Defender, and NASA's post-Apollo program for rapid development of a shuttle and space station, and many others (see Table 1).

These programs would have continued the economy in a state of mobilization, and kept industry and military attuned to their mission of defense. Instead, industry and military began to "march in place," in accordance with the accountant's assertions that these advances were not really necessary.

TABLE 1  
Some R&D programs killed by  
'cost-effectiveness'

	Cancelled
Supersonic Transport	1960s
Nuclear Merchant Marine	1960s
Project Defender	1963
ABM Nike-Zeus	1963
Dynasoar X-20 Reusable Space Glider	1963
ABM Sentry	1967
USAF Manned Orbiting Laboratory	1969
Mars Mission	1970s
NERVA Nuclear Rocket Propulsion	1972
ABM Safeguard	1973

The very notion that these two benefits of technology are contradictory, is refuted by the successful "crash programs" that established the defense-aerospace industry in the first place. Only McNamara's policies resulted in pitting the two against each other, and we can be certain that Packard's accountants will not permit the increase in procurement to enable us to "better compete in quantity" with the Russians.

In addition, Packard's argument is refuted in detail by history. When the U. S. entered war against Korea, our Navy and Air Force were punished for not speeding development of the jet fighter. Russian MiG-15s outmaneuvered our planes with ease, reports Charles Bright in *The Jet Makers*.

America's aerospace and defense industry was created in the World War II mobilization, and underwent significant further development only as a result of carrying out a handful of missions assigned by the President in his capacity as commander in chief.

- 1) development of supersonic aircraft;
- 2) development of the nuclear-powered submarine;
- 3) development of the long-range jet bomber;
- 4) development of America's first nuclear armed ballistic missiles; and
- 5) the Apollo Moon-landing program.

These programs were executed efficiently, quickly and in most cases, without budgetary constraints. The amount of funding was determined by how fast the program could possibly be pursued and the nature of the threat to the nation, not by what Washington today calls "cost-effectiveness."

The first four projects were completed by the early 1960s. The Apollo program reached its peak for industry in 1967. Since then the industry has stagnated under the tightening grip of the cost-accounting methods introduced by McNamara, first at the Pentagon, and then at the Bureau of the Budget (now the Office of Management and Budget), for all federal programs.

Now the Packard Commission has proposed to further tighten the control that the cost-accountants representing Wall Street and the International Monetary Fund, have over defense and aerospace programs. A senior administration official summed up the national significance of the Commission's recommendations as follows: "There are only two industries left standing in the country today, defense-aerospace and agriculture, and they are both under siege."

Unfortunately, many in the industry have been so desensitized to reality by 25 years of McNamara cost accounting under MAD, that they have been seduced by the Packard Commission's rhetoric, its criticism of Congress, its pledge to "cut the red tape," and its conclusion that alleged industry fraud or dishonesty are not to blame for the present state of affairs. In July, the Aerospace Industries Association endorsed the Commission recommendations. The impact of the Commission's recommendations will be exactly what the industry does not want.

## National military strategy

The Commission calls for the President to pre-set defense "provisional four-year budget levels . . . reflecting competing demands on the federal budget." It continues: "The Secretary of Defense in turn would develop a detailed Defense Guidance [which] would contain the Secretary's detailed guidance on defense objectives, policy, strategy, force levels, and fiscal guidance. . . . The detailed fiscal guidance would be the basis for a new Five-Year defense program. . . ." The Commission calls upon "our senior military leaders . . . to apply financial limits to military force planning in a way not previously attempted." It recommends that the Joint Chiefs occupy themselves with a) how to cut "current force levels" so as to stay within "provisional budget levels," and b) identifying targets for budget cuts, programs whose force levels can only be met via "mobilizations" that break through budget ceilings.

In sum, the JCS is to be more concerned with threats to budget levels than threats from the enemy.

## Compromising the military's mission

The Commission has proposed reforms to the acquisition process, and the establishment of what amounts to a police force, to enforce IMF "conditionalities" against defense spending. In policy, it calls for an emphasis in compromising weapons performance to save funds, "in order to protect cost and schedule" and proposes that ingenuity in proposing such compromises or "trade-offs" be the basis of competition between defense contractors:

a conscious trade-off between performance and cost—does not take place to an adequate degree. Implicitly, it is assumed that military requirements should be "pure," . . . trade-offs between performance and cost—[are a factor] on which the competition should be based.

Trading off performance in a weapons system, means trading off the mission the weapon was intended to enable our military forces to fulfill. Imagine the value of an ICBM that could not reach the Soviet Union from the United States as a result of performance trade-offs!

Such a trade-off never reduces cost in important weapon systems. Cost overruns soon follow the discovery that the backward technology can't do the job, as engineers scramble to fix a lemon. Lt.-Gen. (ret.) Daniel Graham's "High Frontier" proposal is a good example of a system engineered with "off-the-shelf technology," guaranteed not to work, and that would require spending all the gold in Fort Knox to work out the bugs.

Instead of Packard's suggestion, competition should be based on the development of new technologies that enable our weapon systems to achieve required performance levels with less complexity. For example, it is possible to build a supersonic fighter plane with straight wings perpendicular to the fuselage, by building on special controls, but its

stability and maneuverability are inferior to a craft with swept wings.

Predictably, Packard attributes the cost of military systems to the needed technology itself.

Requirements [for weapons] are often established by technology push. A government or industry team conceives of a new or advanced technology. It then tries to persuade users to state requirements that will exploit the new technology. Most of the really significant improvements in military technology—radar, jet engines, and the atomic bomb, for example—have occurred by technology push rather than by an abstract statement of requirements.

This is an explicit rejection of the application of technology developed in one area, elsewhere to our defense and economy.

With regards to the details of his argument, Packard is lying. Neither radar, nor the jet engine, nor the A-bomb, were developed as a result of “technology push.” Radar was developed out of the stated requirement to detect enemy craft, jet engines to improve the maneuverability and speed of aircraft, and the bomb in order to win the war. Packard is mouthing traitor’s talk.

Packard seeks to eliminate the long-standing practice by which defense R&D has acted as a “science driver” for the civilian economy, raising the level of technology in industries it touches.

By contrast, a Defense Department report “DOD Acquisition Improvement—The Challenges Ahead” (Nov. 5, 1985) states:

With an annual procurement budget in excess of \$100 billion, the DOD has the opportunity and leverage to continue playing a leading role in promoting manufacturing and productivity improvement important to the commercial industrial base on which the DOD heavily relies and to the economic revitalization of our Nation.

To promote productivity improvement, the report recommends that DOD:

Contractually require that a minimum percentage of contract price (say 10%) be devoted to new productivity-enhancing capital investment. This provides clear direction and forces modernization.

By contrast, in an effort to destroy the “science driver” role of defense R&D, Packard makes use of the fake “spare parts scandal,” to argue for an across-the-board policy of purchasing goods commercially, making production in accordance with military specifications the exception rather than the rule. Although this might sound like a good idea in some instances, the example that Packard chooses for a part that can be purchased commercially, gives away what he’s driving at.

A case in point is the integrated circuit or microchip—an electronic device used pervasively in military equipment today. This year DOD will buy almost \$2 billion worth of microchips, most of them manufactured to military specifications. The unit cost of a military microchip typically is three to ten times that of its commercial counterpart. This is a result of the extensive testing and documentation DOD requires and of smaller production runs. (DOD buys less than ten percent of the microchips made in the U.S.). . .

When military specification for microchips were first established, they assured a high standard of quality and reliability that was worth a premium price. The need for quality and reliability in military equipment is as great as ever. In the last few years, however, industrial consumers of microchips have come to demand equivalent standards, and manufacturing processes and statistical methods of quality control have been greatly improved. It is now possible for DOD program managers to buy the bulk of their microchips from commercial lines with adequate quality and reliability, and thus to get the latest technology at a substantially lower cost.

Packard deliberately distorts history here. The cause for the tremendous improvement in microchip production commercially was the military specifications imposed on the industry years ago. Packard’s example proves the opposite of what he says: Although by now commercial standards for some products are high enough, in general military specifications improve the quality of commercial production and the quality of the product purchased by the consumer, because they insure that military equipment is reliable. Nonetheless, Packard concludes:

More generally, military specifications could be based on industry standards. . . . Procurement officers must be allowed and encouraged to . . . recognize value (quality and price) based on products’ commercial acceptance in the marketplace.

### **More accountants per capita**

To police their horrendous policy, the Commission calls for the complete reorganization of all defense research and development programs management. The Commission seeks the reevaluation of each program when it has reached a “milestone” in its development, perhaps a reasonable idea if the milestones chosen are research and development goals such as attainment of first successful launch of a rocket. Following the successful attainment of such a milestone, funding for an urgent program might be accelerated.

However, the milestones at which the Commission wants reevaluation to take place are accounting milestones. The key acquisition decisions for a program are, according to the Commission:

- 1) "the affordability decision," that is, whether we can afford to build a weapon system we need;
- 2) the decision to develop a new weapon system;
- 3) the decision to enter "low-rate production";
- 4) the decision to enter "high-rate production."

The Commission writes in its Report:

The affordability decision requires that a subjective judgment be made on how much a new military capability is worth. If a new weapon system can be developed and produced at that target cost, it may be authorized for development; otherwise, ways should be found to extend the life of the existing system. . . . We could, for example, extend the effective life of most of our existing aircraft ten to twenty years by replacing their electromechanical subsystems with modern microelectronics.

This policy has a name: extended depreciation, and it's typified by the fact U.S. long-range bombers are older than the pilots who fly them, and don't have a chance of penetrating Soviet airspace in a conflict. Russian bomber pilots have no such problem: "cost-effectiveness" has left the U.S. without any air defense to oppose them. Note furthermore, that Packard defines the decision to make on building weapons "subjective," that is, not determined by an objective military threat.

The Commission reorganization program further proposes that once a decision is made to develop a weapon, the assigned program manager sign a "baseline agreement or contract on the specifications, and program cost and schedule," with his Program Executive Officer, the service Under Secretary for Acquisition, the Defense Under Secretary for Acquisition, and the Armed Services Committees of Congress. As long as he meets the agreed-upon schedule, at the agreed-upon cost, his program (whether or not it has military value) will continue. But if he runs into a problem and fails to meet a cost and schedule milestone, the Commission recommends that performance be compromised, or the program automatically reconsidered.

Fundamental to the ultimate success of a new program is an informed trade-off between user requirements, on the one hand, and schedule and cost, on the other.

### **The march of the bean-counters**

Such a policy will strangle R&D. The cost and schedule for solving research and development problems, are by nature not predictable. If everything were certain from the outset, then there would be no need for the development phase at all. Industry could go straight to production. In other words, by putting the development portion of programs into a straitjacket, the quality of the resulting weapon is necessarily compromised, and R&D capabilities are damaged.

The "baselining" policy will turn program managers into

bean-counters. They will quibble with contractors over pennies. Even worse, the policy will pit program managers against each other in the following way.

With any particular defense contractor, work is performed by the same personnel on several programs at the same time. Who decides when the work of an engineering team on antenna technology is billed to one of several projects it might be construed as applicable to? Until now, the companies have made that decision. The indictments issued Dec. 2, 1986 against General Dynamics over development of the Sergeant York anti-aircraft gun, dispute just that. The Grand Jury indictments allege that General Dynamics charged the time of some personnel against one project rather than another to maximize their billings. The import of the General Dynamics case should the Justice Department win a "conviction," would be enormous. Once a company received a contract in an area such as aircraft, it would be forbidden from engaging in any R&D in that area (see *EIR*, Sept. 5, 1986).

In the context of the Packard recommendations, the indictment has a damaging impact: program managers will begin to squabble with contractors and with each other over which program should pay for work that overlaps two or more programs. Contractors will pull in the reins on all R&D programs.

According to industry sources, the bean-counters have already begun to fence projects off from one another, and prevent technology transfer, by using differences in security classification levels, to prevent transfer of personnel or knowledge from one project to another.

One practice of the military services is to assert exclusive rights to the technology and information ("data rights") developed under a wholly service-financed program. This way the bean-counters in the Army keep the Air Force from using their beans, without payment. The practice strangles the free flow of information, and prevents application of the technology in other areas of our defense or economy.

Although the Commission states that the government can't monopolize the data rights to technology developed wholly or in part by an aerospace company, it permits such a practice otherwise, and in fact could be said to endorse it by laying down guidelines.

To enforce this assured destruction of research and development, the Commission has proposed, and Congress and the administration have consented, to a reorganization of the bureaucracy managing defense programs. The post of Under Secretary of Defense for Acquisition is created, "to supervise the performance of the entire acquisition system and set overall policy for R&D, procurement, logistics, and testing."

The Commission would demote the Under Secretary of Defense for Research and Engineering to a mere Director. This is indicative of the character of the reform. Research and engineering has a mission orientation, reaching back to the founding of the U.S. Army Corps of Engineers in 1775, based on the leading example of the French military academy at Mezieres that produced Gaspard Monge, Lazare Carnot

and several American military leaders. To put the Research and Engineering head under a purchasing agent-chief clerk, amounts to castrating our defense. Arguments from R&E will be prepared to justify the chief accountant's decisions, rather than to advance our level of technology.

Packard calls for the same sort of reorganization to be carried out in each military service, with each to appoint an Under Secretary for Acquisition. This will complete the transformation of our military from an institution guided by the mission of defending the nation, to a group of accountants shopping for bargains.

In addition, Packard calls for the reorganization of the Joint Resources Management Board (JRMB), adding to it the new Under Secretary for Defense Acquisition and a new Vice-Chairman of the Joint Chiefs of Staff as JRMB co-chairmen. The JCS Vice-Chairman is mandated to represent the narrow interest of regional military field commanders. The JRMB will have yea/nay power within DOD over all joint programs and many service programs when they reach their milestones.

Last, but not least, the Commission encourages the House and Senate Appropriations Committees to slash the President's defense budget once they've got it in their hands. Packard endorses:

Review by the Appropriations Committees . . . to adjust the President's defense budget to congressional budget resolution levels through refinements based on information not available when the President's budget was formulated months earlier.

The Commission recommends getting Congress contractually involved in the formulation of the President's budget. Packard calls for a binding "linkage" between congressional budget projections and the President's formulation of the defense budget.

But the most irrational proposal is that for a biennial budget. Here we see Commission-think at its best:

Primarily, however, a two-year appropriation for defense would stop the yearlong chaos of budget-making that we now have, or at minimum, allow it to happen only every two years rather than annually.

Bizarre? Even with biennial budgeting, it is guaranteed that the Proxmires and Nunns of this world, fired up by the news media, will find some way to wreak havoc. The real problem in Washington is the absence of leadership setting a firm mission orientation to our defense program. Without that, no progress will occur.

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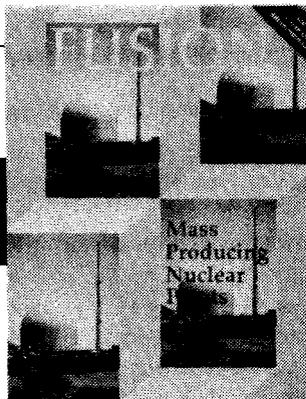
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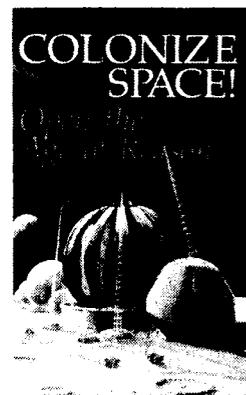
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