

13
Oct 30, 2017

Department of Defense
OFFICE OF PREPUBLICATION AND SECURITY REVIEW

**OSD Historical Office
Oral History Interview**

**William Perry
Secretary of Defense
February 1994 – January 1997**

**By Edward Keefer and Philip Shiman
June 21, 2012**

Ryan Carpenter: This is an oral history interview with Dr. William Perry by Erin Mahan, Edward Keefer, Philip Shiman, and Ryan Carpenter. It's the 21st of June, 2012 and we're at the Hay-Adams Hotel.

Edward Keefer: Can you just repeat your statement about working for Harold Brown.

William Perry: Well, I would say that Harold Brown was a wonderful person to work with, a great boss. He gave me total support. He did not micromanage my work at all. I have been apprehensive about that because he had had the job which I've been then doing, and obviously he would know more about it than I would know coming into it fresh. But instead, he gave me really a lot of flexibility and just guidance on what to do and a lot of flexibility and let me sink or swim on my own pretty much.

Keefer: Now he had a reputation being somewhat cold and off-putting personality. Did you find that?

Perry: I did not find that at all, no. I have found him to be very warm, a very intelligent person, everybody knows that. Maybe he's the smartest person I've ever met, but he's very intelligent, a very quick study, but I never found him arrogant, and very considerate. I enjoyed working for him.

Keefer: Well, that's certainly been my impression when I met him 30 years after the fact. Another question I'd like to ask you is about a group of people that Harold Brown hired to work

with him. One of the themes on my mind, I think is going to be that this was an extraordinary group of people, and I include you in that group. Was that your impression?

Perry: I thought it was a great team and I thought it was a great team for two reasons. First of all, Harold had helping him in recruiting somebody named Gene Fubini. I know what that name means.

Keefer: I called him the *éminence grise*.

Perry: Yes. He has been Harold's deputy in the previous job. He had an official position there, but when Harold was secretary he did not have an official position, but he was all over the Pentagon. For example, he came into my office every Saturday morning. He spent two-thirds of the morning just talking about what's going on, how we could help and so on. Anyway, he was the one who really helped recruit the people who'd be staying. He and Harold discussed about who was the right person for the job and he would go out and tried to recruit him.

When Harold called me and offered the job, I just said, "No, I couldn't do it. I'm doing great with my company. I don't want to move from California." There were a hundred reasons I don't want to do it, go back to do this. And he said, "Well, at least come back and talk to me about it." So I agreed to do that but again, the one who really sandbagged me was Gene Fubini who put on a full court press about what a stupid decision not to take this job.

So he finally prevailed, and I agreed to accept the job. The thing he told me which was decisive, I think it was decisive, was that he said, "You don't know what you're turning down. You'll never have a job like this. There is no other job like this." For a technical person, he said, "This is like being the chief engineer of the country." He said, "This job will expand your mind in ways that you cannot even imagine now." That was his sales pitch for the job. That was

what sold me and he was right. All those points he made had turned out to be quite right. In many ways, for me, it was a more interesting job than the job of the Secretary Of Defense.

Keefer: That's an interesting observation.

Perry: For a technical person, you have the ability to do things, particularly with the Secretary of Defense who backed me full in what I was trying to do and understood what I was trying to do. I think it was a hugely exciting job. So Gene was one of the aspects of the team altogether. He helped recruit it.

The other aspect was every White House wants to pick people in jobs to meet political favors. Harold simply resisted that, and he insisted on getting what he thought were the best people for the job. In particular, one of the people, I forget who, I don't know who it was now and it doesn't matter, for a job that Harold thought was important. He put him by the White House. Harold accepted him for a few weeks but then decided he wasn't satisfactory, and so he just insisted that he be discarded.

Keefer: For the Secretary of the Navy?

Perry: No, he recruited John White for the job.

Keefer: The Assistant Secretary for Manpower, Reserve Affairs and Logistics?

Perry: Yeah. It was the counterpart of my job. I say the two most important jobs in the Hill were my position and John White's position. And Harold had to stand, had a showdown with the White House to get the person he wanted for that job. That person was John White who did an amazingly good job.

Keefer: Right and then he went back to the White House.

Perry: He went back to OMB.

Keefer: OMB, that's right. Excuse me, OMB yes. Were there other people besides John White that you felt that you worked with and Harold worked with that really were outstanding?

Perry: Well, the Secretary of the Navy, Graham. Graham Claytor later became deputy. The Deputy Secretary of Defense who later became the Secretary of Energy. I don't think Harold picked him either because he was a personal friend of Carter's.

Keefer: I think Carter picked him.

Perry: I think Harold was a little apprehensive about that but it worked out very, very well. So that was Duncan.

Keefer: Yeah, Duncan. Robert Komer or Bob Komer, did you work much with him?

Perry: I did a lot with him, and I think probably Harold handpicked him to do the job. He was an unconventional choice for that job, for any job for that, an unconventional person. His nickname was "Blowtorch."

Keefer: Yes, Blowtorch Bob, yes.

Perry: Yeah. But I had developed a very positive relationship with Bob almost from the beginning. We liked each other and we worked together very closely.

Keefer: Harold Brown's immediate group like Walter Slocombe, people like Lynn Davis, did you work with them?

Perry: I don't know Lynn well but I've worked very closely with Walt Slocombe and I had a very high regard to him. Later, I just liked him to be my undersecretary for policy when I became the Secretary.

Keefer: Well, that's pretty good.

Perry: Yeah. I thought he was a real winner. He was quite young at that time. I think he was probably in his late 20s or early 30s, but he was excellent.

Keefer: So I guess you confirmed my view that I think this was an extraordinary group of people.

Perry: It was a first class team, right. I would say there were two reasons for that: Harold standing up to the White House when necessary and Gene Fubini helping with recruiting.

Keefer: As a sort of recruiter and a talent spotter. And Fubini continued to advise Brown informally throughout the whole period.

Perry: He advised Brown and he advised me. I probably spent a couple of hours a week with Fubini.

Keefer: He was on a lot of committees but he really had more than an informal influence, I think.

Perry: Yeah.

Keefer: I guess he could walk into Harold Brown's office or your office any time he wanted.

Perry: And did.

Keefer: Well, I'm going to add a little Eugene Fubini to my volume. I want to ask another question, which is another theme of my volume, and that is that in this period of '77 to '80, and you've touched on this in your previous interview, there were tremendous advances in research and development in weapons systems, computers, microelectronics, and you've developed this idea of the offset strategy. Looking back at the perspective of 30 years, what do you think were the most important developments in this whole process, and then what were the least?

Perry: I would modify just slightly. I think Harold Brown developed the concept of the offset strategy and he gave me the task of implementing it.

Keefer: You were the implementer. It's good to know.

Perry: I was implementing it. As I recall it, the idea came from him and maybe the name came from him. But what definitely came from him, I have no doubt about this, was that he was concerned, as other people were concerned, that we were falling behind the Soviet Union. They had caught up with us in nuclear weapons. And back in the Eisenhower days, we could accept a superior Red Army because we had a huge advantage in nuclear weapons. By the time Harold Brown became Secretary of Defense, the Soviet Union had caught up with us in nuclear weapons. Some people would argue they were ahead of us, but at any rate, they truly had caught up with us and, therefore, we had to do something about the conventional forces.

Some people were arguing that the way to deal with that was to beat them man for man and tank for tank. That was just unworkable. It would have meant a three times increase, where were the people going to come from? How were we going to do the cost of buying three times made tanks and airplanes? It was just unworkable. I don't think Harold seriously considered that alternative, but he said, "We ought to be able to use our technology to offset their quantitative advantage." I don't know whether I coined the term offset strategy or he did. He was the one who presented the concept of it. We have to have the technology to offset their numbers. He gave me a lot of running to do that, a lot of backing, a lot of support to do that.

Keefer: Thinking back on it, what were the most significant systems and weapons that were developed?

Perry: Number one was stealth. Number two was smart weapons, the whole family of smart weapons in there, not just one of them, the whole family of smart weapons. And number three was very smart intelligence systems. Fundamentally, the way I interpreted the intelligence systems, was to take the technology we'd already developed for strategic intelligence and

satellites and bring it down to the tactical level. So those were the three big thrusts. Now I say intelligence is really C3I and broadly on that. Besides the intelligence connecting systems, there were the GPS, Global Positioning Satellite.

Keefer: Right, which is just fabulous.

Perry: And then ARPANET which later became Internet. The things we were working on in those days, two of them became famous commercially: the ARPANET became the Internet and GPS. Now everybody has it in our vehicles today but we were not thinking of that back then.

Keefer: No, but it really was a valuable contribution.

Perry: Well, I can see the clear value today. Now an interesting story, which is quite relevant here, the theme here about GPS, the second year I was the under secretary. I'd been working on the budget for that coming year and I discovered that the GPS system was going to have been zeroed out. Terminated basically. I mean the budget proposed it be terminated. It had been proposed by PA&E, Program Analysis and Evaluation. It had been approved by Harold and had been approved by the Bureau of Budget. And I said that I'd throw my body in front of that train and say, no, that cannot happen.

Keefer: Was it a Congressional decision?

Perry: I got to Congress, yes.

Keefer: This was just internal?

Perry: It was preparing the budget to go to Congress.

Keefer: To the Congress. Who was responsible for zeroing it out?

Perry: It's expensive, and we were on a tight budget, and PA&E made the judgment that they were going to spend more money on tanks and airplanes and not GPS.

Keefer: Was this Russell Murray's decision?

Perry: Yes, and it was a reasonable judgment. GPS was unproven at the time and moreover Washington didn't see how valuable it might be. Since I was working on smart weapons at that time, that was one of the big themes. I saw that GPS is the key to the smart weapons, but I didn't know whether it would work either.

So I resolved to fight it. Just before I fought it, I thought I would go out and meet with the program manager who is in New Mexico at the airbase out there, Kirtland. It's the airbase. I went out there and sort of looked him in the eyes and said, "Is this program really going to work?" He said, "Well, I will devise a demonstration for you."

At that time we had four satellites that were up in the air, just four. It was the whole constellation. The proposal was to stop it at four. But the four, at the right time of day, were all over at Kirtland Air Force Base. So my trip was organized to be there at that time. And they put me in a helicopter and it was blinded. I didn't know, the pilot couldn't see.

Keefer: Well, that must have been flying.

Perry: The pilot and I took off in the helicopter and he took off and flew around and flew around and finally he came back. He's using the needles he got from GPS and landed on exactly the same circle he took off from. That was the demonstration.

Keefer: That was enough for you, I'm sure.

Perry: Well, I said this made the military utility just so absolutely clear. Quite a sight for the smart weapons applications that I went back and went to Harold and I said, "Harold, we've got to keep this program alive." We had a lively discussion and he said, "Okay, we'll do it." And he made the decision and then he fought the battle that I didn't have to fight the battle with

the Bureau of Budget. He told me also, “No, we’re going to do it,” then went to the Bureau of Budget, we’re going to do it.

Keefer: Do you have the date for this and the time?

Perry: It was 1978.

Keefer: Yes, ’78 which was really before the budget was loosen up a little bit. Those were the great successes. Can you tell me about any failures? I’m thinking of maybe the MX missile.

Perry: The MX missile was a failure, a big failure.

Keefer: Yes, and not just the basing, right?

Perry: One of the failures was a technical success but a strategic failure, it was the Sea Shadow. We had this great program for building stealth airplanes and stealth missiles. And they had real momentum behind them, like the F-117, an amazing time for a year.

But I thought we ought to apply this to the Navy as well. So I invited Lockheed to give us a proposal for a stealth ship, which they did. They designed it and it’s called the Sea Shadow. They proposed to me and I liked the idea. DARPA liked the idea and we couldn’t get the Navy interested. I finally had a meeting with the Chief of Navy and I said, “Admiral, we’re going to build this ship. The only question is whether or not the Navy is part of it.” So he decided to be part of it. But then, by the time the ship was built, I had finished. I was out of office; there’s nobody who followed up after that. So the Sea Shadow is an interesting relic that had never been followed up on.

Keefer: Well, do you think it would have worked?

Perry: It did work. I mean the system we built was a scale model. It's about a third of the scale of what a real ship would have been. We built to demonstrate the navigability of it and the stealth of it, and it would be all demonstrated.

Keefer: It couldn't be seen by radar.

Perry: The Navy's view was "who needs it?" Even if they can do it, we don't need it. We've got a stealthy ship. It's called a submarine.

Keefer: I see. And do you think that was a legitimate argument?

Perry: Yes. It had some merit to it. I still believe that there was a mission for that ship which we would be happy to have the day if we have it, but it was a failure. It was not a technical failure; it was a policy failure. We did not and we never followed through with it.

The MX was also a policy failure. We built the MX and it was fine initially, but the whole thrashing around about trying to get a secure basing for it was just a complete exercise in futility.

Keefer: It was agony.

Perry: Totally a huge amount of my time, huge amount, and eventually nothing came of it. So I would say that was a major failure, and the Sea Shadow is kind of, in my mind, a policy failure.

Keefer: I have one question. Do you think the defense department or actually the intelligence community over-estimated Soviet technology in the '70s?

Perry: Yes, we did. It wasn't until the year I was out of office in 1981, I made my first visit to the Soviet Union on a seminar and saw enough of the Soviet Union. When I left I said, "This country is a third world country, with a first world missile program and a first world nuclear program, but everything else is third world." It began to dawn on me that probably the

conventional military forces were not truly capable. We have now since learned that it in fact that was the case. Yes, we dramatically overestimated their capability.

Keefer: How do you think the Soviets were able to create this missile technology they had?

Perry: The virtue of a dictatorship is concentrated whatever you want to do. They concentrated amazing resources on missiles. They really were good in missiles and space and they were really were good in nuclear weapons, but they did it at a huge price, a huge cost to the rest of their economy and the rest of their military.

Keefer: Of course, this was the period when the Soviets started developing their oil industry. Do you think that was a factor, their oil industry? That's certainly a theme that some people had mentioned. It has allowed them to put all that money into missiles and nuclear weapons.

Perry: That may be, but I think the main thing is they drained it away from other priorities.

Keefer: They drained it away from consumer products.

Perry: Certainly consumers, and they also drained it away from their conventional forces. Their conventional forces, I think, were shabby and we didn't know that at the time. We extrapolated from how good they were in the missile force and think that the whole military must be like that. That was not the case.

Also, aside from diverting, they overspent. I believe to this day that the collapse of the Soviet Union in the '90s was a result of their economic collapse. Gorbachev was the first president who recognized just how bad their problem was. He tried to reform. His reform was not altogether successful, but the previous president just sort of ignored that. They didn't

recognize that, I don't know which, but Gorbachev did recognize that they were economically bankrupt and he's trying to deal with that problem, but it was too late.

Phil Shiman: May I interject?

Keefer: Yes.

Shiman: Dr. Perry, this is Philip Shiman. Do you agree with the argument that it was the Strategic Defense Initiative that played a major role in the downfall of the Soviet Union, that they realized that they couldn't compete with the SDI and it worried them very much?

Perry: No. I don't agree with that argument.

Keefer: I don't either, Phil.

Perry: I do believe that they were concerned about the SDI and that they believed they could not compete with it, but that had nothing to do with their economic bankruptcy which was already well in hand by the time we proposed the SDI. I mean the country was already bankrupt by that time. It was caused by the enormous amount of resources they spent on their conventional military forces. They had an army three times the size of our army. The reason Eisenhower decided way back in his presidency not to compete with that is he thought it would bankrupt the country, and he was right. And it turned out right for the Soviet Union too. That's what eventually bankrupted it.

But the SDI issue was real in the sense that when it they just thought about competing with SDI, they recognized not only do they not have the resources, they didn't have the technology to do it. So it didn't worry them but it did not, in any way, contribute to their bankruptcy. Their bankruptcy, it was already sort of pre-ordained by then.

Keefer: I'm going back to the stealth technology and ask you a few questions about that. Were you really the one who was in charge of the stealth program?

Perry: Yes.

Keefer: Yeah. That's what I thought. When did you really decide this thing was going to work, the technology?

Perry: Well, I decided it was worth pushing hard, we were putting it on top priority three months after I got in office. Very early, I went over to DARPA and got a detailed briefing on what all they were doing, what they felt were the game changes. And I was in that briefing when there's three things that came out with those three things I mentioned: stealth, smart weapons, and the smart intelligence. Of those three, the stealth, I put it at number one on the list and also I recognized these all had to be put in a special security category.

We gave DARPA six months to demonstrate that they could do what they said they could do. DARPA and Lockheed six months, and they built a demonstration, I think it was called Have Blue, a demonstration of aircraft which is a scale model of what came to be the F-117. It was, I think, a third scale or something. It flew, the airplane flew, and they flew it over the radar range and they couldn't detect it. And at that stage, I put it in very deep security and told the program manager. The program manager then told me he would have unlimited resources to make that happen but I wanted an operational aircraft in four years, not 12 years but four years.

Keefer: How much did it actually cost roughly?

Perry: It was cheap. I don't remember the numbers now but compared with any other airplane, it was about a third of because of the fact they build it so quickly and the fact we ignored all the acquisition rules. I set it up. You can't do that with a lot of programs, but you can do with a few and so I was replacing the program manager.

We hired a program manager, where every month he would report to me, and then in that meeting would be the Chief Acquisition Officer of the Air Force, chief officer of the other

services as appropriate. His job was to give a progress report relative to this four year schedule we've laid out. And if there's anything interfering with that schedule, he was to let us know and we would resolve that before we left the meeting. The first three or four meetings, any service objection to what he was doing was overruled by me, and after that we didn't have any more objections.

So my role was vital in the early parts of the program. It was not vital in the later parts when it became clear, number one, that I was going to back the program manager to meet that. And secondly, if they wanted to argue with me, they had to argue with Harold Brown and he was going to back it, too. The first time there was a showdown with them and Harold Brown, Harold supported me when they did that. It is his support was vital to that happening. I was running the program, but I could not have run it because I didn't have the authority to run it. He had the authority to run it, but he basically gave me that authority.

Keefer: Was this a factor, do you think, in Brown and Carter's decision to not build the B-1?

Perry: Oh, yes. Absolutely. We had already on the drawing boards the B-2. I was not to have his final design until the very end of my tenure but it was being designed and we knew he could design it. We had the default solution to the B-2 which was to scale off the F-117. Indeed, that's exactly what Lockheed did in their bid, but North American recommended a different design, which was even better, and we ultimately went with that. But we knew we could build a big bomber. The way we would build it was different in the way we assumed, but we had, let's say, a default solution, which was building a big F-117. So the B-1 made no sense at all knowing we could build a B-2.

Keefer: So that was clear to Brown and the president in June of when they made that decision?

Perry: Yes, because Brown and Carter were intimately involved with all the details of the stealth program.

Keefer: I don't know if you're going to answer this question, but did they brief members of Congress on them?

Perry: I did.

Keefer: You did. So you said, "Look, we don't want to build the B-1. We have this better bomber down the road."

Perry: But we only brought into the program a very select number of congressmen.

Keefer: Were those the people that changed their mind on the B-1 bomber?

Perry: Their job was, first of all, assure we got money for what we were doing without identifying it, and secondly, to shut off the B-1, right. And in those days the Congress worked in such a way that a few leaders could do that.

Keefer: Right. Stennis and people like that.

Perry: Yes, where Stennis and Nunn and other handful of people who were briefed in detail about the programs, who understood them and strongly supported them and served as a buffer for the rest of the Congress.

Keefer: Would you want to interject a question?

Shiman: Yes, just very briefly. When you said that you basically had a hands-on role with the stealth program, this was before Paul Kaminski came in and took charge?

Perry: No. Paul was my military deputy. When I say I did it, he was right there beside me all the time. At the time I left office, he became the head of the stealth program, but up until

then, we were running out of my office. But after I left, he then reverted to the Air Force and then became the Air Force program manager of all the stealth programs, but he was involved from the beginning.

All of the meetings that I had on stealth, he was sitting in my right hand side because he was my military assistant. And I will mention Eugene Fubini again. He did the recruiting for Harold's office, including for me. At first, he's in the office. He said, "You know, to succeed in this job you need a really good military deputy," and I said, "Good, let's get one." He said, "Well, absolutely the best technical person in all the services today is Lt. Col. Paul Kaminski, and he just graduated from Command and General Staff School so he's available. So I said, "Let's get him." So he said, "Good." Ask the chief-of-staff there."

So I asked the chief-of-staff of the Air Force he has to come back. He's not available. He's already been assigned another job. I told him, "Gene, we can't get him." He said, "What do you mean you can't get him?" He said, "Go back to the chief-of-staff of the Air Force and tell him you want him and that you're holding some of these programs in the soft stage if you don't get him." So I didn't exactly put it that way. But I did get back to say, "This is really important. I got to have Paul." So he made him available.

Keefer: My admiration for Eugene Fubini keeps going up. He seems to know everything about everything.

Perry: "What you do mean you can't get him?"

Keefer: Can I ask you I'm going to switch the subject, and maybe this would be my last series of questions because I know you've got a lot of things you want to ask about but I know you worked with Bob Komer and Harold Brown on this NATO Interoperability and the family of weapons concept.

Perry: Yes, I invented the family weapon.

Keefer: That was your term?

Perry: I invented the term and the concept, right.

Keefer: Could you kind of explain what you're trying to accomplish, and did you in fact feel you accomplished with this?

Perry: Yes, because we did all of this yammer about interoperability but nobody knows how to achieve it, and the reason was because each nation had its own desire to build systems themselves.

Keefer: Sure, they want to do it.

Perry: And there's already the competition who's going to build which systems. So on a flight over to Brussels one day, it occurred to me that maybe we could solve that problem by creating something called a family of weapons, where as I remembered the details of it now, it was, let's say, there are two classes of air-to-air missiles: the medium range and the short range, that we would agree to build the medium range and they would need to buy ours, and they would agree to buy the short range. They build the short range and we had agreed to buy theirs. That's, in simple minded terms, what the family weapon is all about, and it was a way of solving the political problem that each nation wanted to build its own.

So the alternative to that would have been we would have built the short-range and long and they would have built the short-range and long-range. Everybody would spend too much money and we would have gotten a less effective system. So that's what we proposed, and there was a pretty broad acceptance of that in NATO at that time, although I think it kind of died off after I left the office. I believe it would have really followed through.

Keefer: It really was Harold Brown and yourself that pushed this concept, and obviously Robert Komer.

Perry: Absolutely.

Keefer: This was the guy who wrote a memo every 15 minutes I would say. He was the most amazingly deductive bureaucrat that I've ever seen.

Perry: Well, this is my way of trying to realize what Congress was trying to do which I agreed with on the interoperability issue. It's just a way of implementing it.

Keefer: Do you mind jumping a decade or two to the '90s? Is there anything else you'd like to say about Harold Brown in the period that you worked with Harold Brown that would be valuable to me writing about that time?

Perry: Just one thing worth commenting, I think, when Harold had been the DDR&E. The secretary of the Air Force had left. I don't remember the reason, and he was going to be the secretary of the Air Force, which is a higher level position, level three to level two. So when I was the undersecretary, the secretary of the Air Force left. And he called me and he said he was thinking of somebody else for that job, but he knew that I would want it and be expecting it because of the precedent. I said, "Harold, I'm not even slightly interested in that job. I love the job I'm doing. I want to stay right here." So I think the point about Harold is he was considerate about me. He was making this move, I think, for political reasons and he thought it was important to do it, but he was afraid he was going to offend me.

Keefer: I see. You've got a pretty good compensation when you became undersecretary?

Perry: Well, that was from the beginning really. Technically enough, when I began, I started off as DDI. But when I took the job it was with the understanding that I was going to

become the undersecretary. That was history by then. It wasn't the title that was important to me, but I just thought the job of either DDR&E or undersecretary is far more interesting than the job of the secretary of the Air Force, and I wasn't interested in it. So but the point of my story, not what I was thinking but Harold was so thoughtful about it that he called me and had this long discussion. He thought it's going to be a big issue with me. He just wants to let me know that he thought the world of me and that this is not in any way a putdown of me blah, blah, blah. He was a very good person, a very thoughtful person to work for. I liked him a lot.

Keefer: And then he gave it to Hans Mark.

Perry: Yeah.

Keefer: Well, I really appreciate talking to you and I'm going to let Phil jump forward a decade or two.

Perry: Okay.

Shiman: First, I must apologize. You are literally on every page of my study, whether or not your name is actually on it. I have many questions and may be jumping around a bit. What I want to do is start with a general discussion of acquisition during the period when you were a deputy secretary and then secretary and talk a little bit about industry. But I want to leave a lot of time to discuss acquisition reform because I know that's the subject that was very near and dear to your heart.

Perry: Let me preface it though by saying I was in charge of acquisition at one time as the undersecretary. I never pursued acquisition reform at that time. I was totally focused on this offset strategy bringing in the new technology. I saw the system as being too cumbersome to do what I needed to do, so I always worked around it.

Keefer: So this is like on stealth and other things?

Perry: Like on stealth, but I did not put the time and energy into trying to reform the system. I recognized the failure of the system, the weakness of the system, but I did nothing, nothing to try to reform it. So my efforts to reform came later in my life, but not when I had the job and not because I didn't understand there was a problem there. It just looked too intractable to me. So instead of trying to fix it, I just worked around it.

Shiman: In 1993, you actually said one of your great regrets of the period when you were undersecretary was that you had not been able to tackle acquisition.

Perry: That's not quite true. If I had to do it over again, I'd do it the same way. I just regret I didn't have twice as much time or something that I could have done both. But to choose between the two of them which I had to do, I would have chosen to do the thing, to focus on getting the system to run and not to reform the system. But even at the time I did that, I recognized that there were huge problems in the system, and it would be good to reform it. I did not put the time and energy to do it. Later on, I did work on trying to do it, trying to atone for the sins of omission when I was undersecretary.

Shiman: Now, you clearly put your stamp on the Packard Commission Report as head of the acquisition panel. What is your opinion of the efforts to implement the panels by the Reagan Administration and especially the Bush administration with the defense management program?

Perry: They did not try. It would take a big effort. I mean, I can't criticize them much because I didn't try when I was the undersecretary, but they didn't try. They didn't try in the first instance because Caspar Weinberger was the secretary at the time. He did not agree that the system was broken and it needed to be fixed, and he was resentful of the president having appointed this commission. So it was a bad scene.

The President and the Secretary of Defense were not on the same page on this. The President had formed the commission. Whether he formed it because he really wanted it or because he just felt it's a necessity to do it. I don't know, but in any event, the President did form the commission. The Secretary of Defense was very clear that he thought the commission was a waste of time. He cooperated with as little as he could get by with cooperating. And then when it was finally presented to him, I thought it a very clear blueprint how to move forward, he just rejected it, and nothing ever happened on it during the year, during the Reagan administration, period. Now that seemed like an overstatement of the project, but that's my opinion.

Shiman: Now President Bush, when he took office, he specifically directed the Secretary of Defense Dick Cheney to implement the Packard Commission and Goldwater-Nichols, and the Defense Management Review of 1989 was supposed to be the implementation of Packard. Do you believe that it achieved that goal?

Perry: When I became the deputy secretary in '93, one of my stated objectives in a series of objectives was to try to implement the Packard Commission reforms. So the first thing I did, I looked at how far along we've come. In my judgment, we made little to no progress by the time that I became deputy secretary. Why that's so, I am not in the position to judge. I wasn't in the government at the time, wasn't in office. But with some confidence I would say that there had been no significant changes made from the time we wrote the Commission to the time I became the Deputy Secretary of Defense. Whether that was because Secretary Cheney didn't have an interest in that or it's just too hard to implement, I don't know. I qualify that by saying that I thought Cheney was a good Secretary of Defense. I have a high regard for what he did there. But in this area, I don't think he did much of anything.

Shiman: A certain thing such as this streamlined acquisition chain of command with the program manager, PEO, the service acquisition executives, some of those had been put in place. What do you think were the main things that were missing when you came in as deputy?

Perry: Implementation. I mean, you can reorganize, you can rename jobs, but you don't have implementation. It takes a lot of hands-on direction to talk. It was an error, again, of omission, I think. Whether they were opposed to the changes, they had the directive of the President. They made some changes. They may create a new organization, new titles, but that's not enough. They had to have somebody, at least the secretary or deputy secretary level, pushing from the top, and that was not happening. For whatever reason, at least in my judgment when I became deputy in '93 and set out to try to implement those reforms then, my conclusion at that time was little or nothing had been done to have any significance in the term of implementing changes. And it's very hard to do. It takes a lot of time and effort. It has to take a push from the top. So I have about a year as deputy where I made them one of my top priorities. I worked very hard on it. But I have to say when I became the secretary I passed it along to the new deputy and I was on to other things. So I didn't follow through it seriously after that, but I did have one year where I worked pretty hard on it.

Shiman: And then your deputy was John what?

Perry: John Deutch.

Shiman: Oh, the undersecretary?

Perry: Yeah.

Shiman: I kind of jumped the gun in acquisition reform.

Perry: Well, John came from being an undersecretary, he became deputy when I became the secretary.

Shiman: Oh yes, exactly.

Perry: The undersecretary has a lot of work to do to make this happen, but the push has to come from either the deputy or the secretary. And when I was deputy, I was pushing hard on Deutch who was then the undersecretary to do this. And then when he became deputy, he started pushing on Paul Kaminski who was then the deputy to Deutch.

Shiman: And when Deutch left to go to the CIA, it was John White who was the deputy?

Perry: Right, yeah.

Shiman: We'll come back to acquisition reform. First of all, what was your relationship with Les Aspin? And did you see eye to eye on acquisition priorities?

Perry: I had a fine relationship with him when he was the chairman of the House Armed Services Committee, a valuable and excellent chairman. And we he asked me to become a deputy, although I had a lot of reasons for not wanting to leave California to go back again, I did accept it partly on the belief that he was a good choice for secretary and that I saw the possibility of a Laird-Packard relationship, Aspin and Perry and Laird, Packard. He was the secretary being with a congressional background, political background and that was an important part of the job and was a deputy with a technical and an acquisition background and that could drive down that element. So I saw there's a possibility of a really good combination. It didn't work out that way, but that was my theory when I accepted the job.

Shiman: You say it didn't work out, what was the problem?

Perry: It's just hard to say. Les was totally a disorganized person, which works okay as a House Armed Services Committee. It doesn't work to well as Secretary of Defense. I haven't appreciated that because he had top-notch staff people working for him in his house. But these top-notch staff people couldn't do the job of the secretary. We would go to a morning meeting.

They'd go on two or three hours just sort of like college bull sessions with no decisions coming out, no actions coming out of them until it drove me crazy and drove the military people crazy.

But he didn't seem to grasp what the management issues were, what he needed to be doing because he didn't understand what needed to be done, he didn't wasn't delegating what needed to be done. He had a lot of competent people in his staff that could have done these things but it didn't happen. So I was totally frustrated in that job, I must say. Doing this, I loved Les Aspin as a person, I think he was wonderful. But in this, we became more and more frustrated with him.

But then the Black Hawk incident happened. After that, it was pinned on Les and he was fired because of that, which is the wrong reason for being fired. There were plenty of issues about his being not an effective manager, but that wasn't what was brought to the president's attention. What was brought to the president's attention was the fact that Congress was in uproar about the Black Hawk. So he was fired, and then I ended up ultimately with that job. We did not function well in the deputy secretary relationship, no.

Shiman: You didn't actually want the job of secretary, is that correct?

Perry: I turned it down actually. In fact, it caused a furor in the papers. News got wind of the fact that I turned it down. *Washington Post* had a front page story right after that. But I didn't want it. I've been close enough to the job that I've seen the downsides to it. You get to be the target for everybody and everything in Washington. Everybody who wants to get at the president gets it through the Secretary of Defense. It's hard to explain, but I'm not that kind of a public person. The part of the job of being out front and being public was not at all appealing to me. The difficult part of the job was dealing with the partisan aspect. Up until then I've seen the job as a non-partisan job. When I was the undersecretary and even when I was deputy secretary,

I was doing it as a technical job. I was doing it. I know how to do it. I was doing it, I thought, well.

But as secretary, you're now in a cabinet level position. You're representing the policy of the president. You're speaking for the president, and I would too often speak what I thought was right, whether the president thought it was right or not. I saw all these problems when I was off the job, and I thought I won't do well in this job. I will be continually speaking my mind, getting in trouble, getting the president in trouble and for all those reasons I thought. And then I didn't like the thought of disciplining myself about everything I said to deal with the political aspect of it. So for all those subjective reasons, I said, no, this is not the job for me, and I turned it down. And I would have prevailed again that that was the wrong decision, I finally came around to it.

Shiman: Did you have extensive input into the Bottom-Up Review?

Perry: Yes, I did. I thought the Bottom-Up Review was the best thing we did that first year. Les was the spearhead. That was his idea or his staff's idea, I don't know which. But I thought that it was the one really good thing he did. I worked very hard on the Bottom-Up Review. I went out and presented a brief a number of times. I thought it was an excellent piece of work. Even to this day we're sort of following that model in the QDR. Basically, the Bottom-Up Review evolved into the QDR.

What it gave the secretary or the Pentagon leadership was that in any discussion of defense issues, whether it's a budget or policy or program, they had a template they could get back to. And if it was well done, like the Bottom-Up Review was well done, you can always win the argument because you already sorted that. If you change this, it's going to cause changes. If you change this aspect of the program, we're going to have to get back and change that one as

well. It gave us a way of thinking about all the issues we have to deal with, particularly the budget issues. In fact, the budget was in fact evolved from the Bottom-Up Review in a very direct way. If anybody would have wanted to argue a budget issue with that, you had to ask the question, was it consistent with what we've said we were talking about during the Bottom-Up Review? I thought it was a great thing.

Shiman: So you disagree with the much of the criticism from right and the left?

Perry: They were dead wrong. And I said that at the time. I was involved with lively discussions. I thought then and I think to this day it was the best thing that Les did as a secretary.

Shiman: Could you describe your relationship with your senior acquisition staff, especially Under Secretaries Deutch and Kaminski and also the service acquisition people?

Perry: Sure. First of all, Deutch and Kaminski, the relationship was very close and very trusting. That is I knew both of them and worked with them for years. Kaminski had been my military deputy 12 years earlier. I have total confidence in him. And so I related to him the way Harold Brown related to me as his undersecretary. I would say "just tell me what you need and I'll help you do it." When you need my help, you got it.

So it soon became clear in the Pentagon that when Kaminski was speaking, he was speaking for the secretary as well as himself. So that made his job more effective and therefore made him better able to serve the mission I was trying to serve. In the same with Deutch, both of them I've known for years and years before we came into office together. Deutch had been the Under Secretary of Energy in the Carter Administration, the same time I was Under Secretary of Defense. We worked closely together in those days and in the interim period.

Shiman: Especially as a secretary, how was your relationship with Congress and did you find a good deal of resistance to your programs and your priorities?

Perry: I thought, I could be wrong about this, but I thought my relationship with Congress was very good. I thought it was always good because I always tried to speak the truth to them, but sometimes it got me in trouble with the administration. But in the long run, it helped because it made for a much better working relationship with Congress. The only problem I had with Congress was on some specific programs we had problems because they will push you with something that I don't agree to do and the bottom-up review would not agree to.

For example, there was then and there is still today a significant group in Congress pushing for the deployment of a Ballistic Missile Defense System. Our Bottom-Up Review did not call for it. It called for R&D, not a deployment. And I stuck to that position, and defended that position all time, all the years that I was deputy secretary and secretary. And so I was always in a controversy with those congressmen who believe differently. But it was never a vitriolic discussion; it's always a discussion on issues. So I still think the relationship was good and never became really personal and then became tainted that way. But there are many programs that we just plain disagreed on, and then BMD was perhaps the most obvious one.

Shiman: You were an advocate of the restructuring of industries. And are you satisfied with how that proceeded and the extent to which it proceeded? For example, we are down to a very small number of prime contractors, especially aircraft manufacturers. Are you satisfied with how that went? Do you think it went too far? What are your feelings on that?

Perry: Oh, we were looking at a substantial decrease in the defense budget. It amounted to about \$100 billion in the mid '80s and the mid '90s. That's about a third. And that meant that the resources, the money we're going to spend in industry was going to be contracted by about a

third. And that seemed to be absolutely clear. I didn't see any prospect in that changing. In fact, it didn't change until after 9/11. Even in the Bush administration come in 2001, they were proposing, they were planning that same lower budget until 9/11.

So that was the trajectory we were on. In fact, we're still in that trajectory for about ten years. And we have a defense industry that was built for a third larger size. The problem that I saw was that if they try to keep that same size defense industry, we'd have a huge overhead and therefore the cost per unit will just go up as a result of that. The defense industry had to consolidate. We were not going to pay for overhead that would be otherwise entailed.

So I thought the best way of achieving that, and you're well aware of this, was in calling the defense leaders in and tell them. Basically here's what I see for the defense budget for as far as I can see it had, and it's going to call for a one-third smaller defense industry. We're not in a position to go in an industry and change the organization and the size. I suggest you start thinking about doing that yourself. But doing it on the basis of these are the facts; this is what you're going to do; this is what your market is going to be for the foreseeable future.

That was done at a dinner. I was the deputy at the time actually. Les was still the secretary, but I basically ran the meeting. And there was a lot of criticism of that at the time from industry. The stated criticism was the government should be taking responsibility to do any reorganization in industry, which I never agreed with. The real reason is they don't want the budget to go down. That's what they're concerned about, and I had nothing I can do about that.

So in spite of their grumbling at the time they actually did it. In fact, the man who had led the charge in the grumbling, Norman Augustine, also led the charge in the consolidation. He told me later that he turned to the person to his left and the person to the right in that meeting and

said, "Next year at this time, one of us is not going to be here." And indeed that's what happened.

And he led the charge in the consolidation between Lockheed and Martin. Well done I think. So I think it was well done. Did they overdo it? They might have, but it was sort of out of our control. Once we had told them, "Here are the facts, you are to act accordingly," then it was up to them. And what happened, I think, on the balance was good, but it's probably overdone in some areas.

Shiman: I want to use the rest of our time to talk about acquisition reform. Before I ask anything specific, I would like you to just talk about it. What would you like to say about acquisition reform?

Perry: I guess the first thing I would say is that there is more talk about that and less action about that subject than any other I can think of in defense. Less meaningful reaction with regards to reorganizations and changes of titles and all that, but in terms of real changes that cause improvement in the acquisition, very little has been done, including by me. The one time I really worked hard on that, the first year that I was deputy secretary, we did a few things that I think will work well.

But one of the things that worked well was working directly with the Acquisition Corps and trying to get them on board. This is not fighting you, this is something that has to be done and it cannot be done if you are not on the team and helping us to do it. And there's always a lot of grumbling about defense civil service and so on, but my impression was there was a lot of capable people, and you give them some good guidance and explaining why we're doing this thing, you've got a lot of support from them too. Generally, it came with a good feeling for the people in the Acquisition Corps being willing to work to support reasonable objectives.

The one thing that I did which was easy to do and I think probably effective, I think the first week I was actually secretary, something I wanted to do when I was deputy, that as soon as I became secretary I did it the very first week is I wrote a directive as secretary of defense. It's a one-page directive. And up until then, the issue had to do with buying off-the-shelf equipment which I was convinced in many areas could be a big savings in defense but was not being done not because program managers didn't want to do it but because we had obstacles in the way to do it.

A particular obstacle was the defense policy that stated if program manager wanted to implement buy off-the-shelf, he could do it but he had to get away to be able to do it. He had to use MilSpec unless he got away with the use of off-the-shelf. And you might imagine getting away with it. It was time-consuming and not always effective. It was an obstacle course.

So the first week, I was secretary, I wrote a new directive it said, "In the future, any program manager that wants to use MilSpec equipment can do it, but he has to get away to be able to do it." I just flipped it around. So, in both cases, the program manager had the authority to use either MilSpec or off-the-shelf, but the change directive made it easier to use off-the-shelf equipment, and they did.

I was particularly targeting that at integrated circuits because I had a wealth of data. It showed that when we originally required MilSpec integrated circuits, the reasons were very good for doing that because the commercial built integrated circuits were unreliable. But in the interim 15 to 20 years, we had used MilSpec integrated circuits in all sorts of rugged environments. It was being used in automobile engines by that time. But we were paying roughly 10 times for an integrated circuit to be MilSpec, 10 times, not even 10 percent but 10

times. And even worse than that, because of the process we had used, they will usually come in a generation late; in other words, not the latest technology.

So I was very anxious in the integrated circuits field to make that change and it did make that change. That was the one positive thing I did that really had made a difference. The rest of it was cheerleading and getting the Acquisition Corps into it. And I think some good things came out of that, but it's hard to say. John Deutch picked up that ball as deputy. He pursued it, and then John White picked it up and pursued it. When I look back on it, the only thing I can really point to that made a big difference was that one-page directive on off-the-shelf equipment.

Shiman: Well, let me try this out on you. This is a thought I've been having as I've been studying acquisition reform. My impression is that the Clinton administration, and especially the first administration while you were deputy secretary and then secretary, did as much to achieve real reform as is possible for an administration. You attacked a number of different areas. You had a sympathetic Congress that one of the few things that the parties could agree on was reform. You had the White House pushing it with the vice president.

Perry: Right, Al Gore. Al Gore was pushing it fine.

Shiman: Especially Al Gore. You had eight years to do this, which is more than many. You attacked the problem of culture, the work force culture. I know Colleen Preston; that was a major part of it. It seems to me you did as much as any administration could do. And you had more advantages than most administrations.

Perry: I think that's right.

Shiman: And now you're saying except for the MilSpec reform, you don't think much came out of it.

Perry: No, no. I misspoke if that's the way it came out. I think from the first day when I was a deputy, I started on that problem. I had a blueprint to work from. It was the blueprint for action of the Packard Commission, and my goal was to implement that. One of the specific issues on that was the MilSpec issue. And that's an easy one to describe because it's simple to implement. The others were more difficult. They involved culture changes. They involved changing the thinking of the whole Acquisition Corps. And I think we made substantial progress on that. I talked about the fact that the Acquisition Corps, on balance, were happy to get the guidance and happy to feel that what they were doing was the right thing. I spent a lot of time with them. Colleen Preston spent a lot of time with them.

When I became secretary, then Deutch and then White picked up the ball with that, too, so there was a lot of continuing interest and pressure to try to change the culture, to try to change the system. And I think it had positive results. But to point to a single concrete example I'd point to, it was the change in the MilSpec. But there was a much broader change than that. It's just hard to give specific examples working out of it.

Shiman: If you had to go back knowing what you know now, seeing how things turned out, seeing how things are now, if you could go back to the time you were deputy, especially as you were as deputy, is there anything you would change in the reform program? Is there any emphasis that you might change?

Perry: No, I thought then and I still think that the blueprints for action that we laid out in the Packard Commission days was about as good as we could do. And the key to success there was not just a few -- of course, you can make a few directives like that. But the key to success is that you can get a culture change. And that's where we worked hardest at doing. That's what Colleen's job was really. And I met, as deputy, many times with hundreds of thousands of

acquisition people trying to get them on board in what we were trying to do. And I think we had a fair amount of success in that.

It's hard to actually cite savings that were made by that except this one instance where it cited very clear savings. But I do believe the system worked better because of the work in getting the Acquisition Corps focused on the goals of this blueprint for action. And the challenge there was primarily a communication challenge to getting them on board of the fact that the culture needs to be changed. It needs to be changed to implement these. It wasn't threatening their jobs; it was just making their jobs more meaningful and more significant.

I think that idea did get across. So I felt relatively good about the effort. But I don't think the results were changing organizations or changing titles. I think it's getting the existing people and the existing jobs to take more seriously what we needed to do and just feel it and then to get it on board in this group interaction.

I think a lot of people did. I think there are a lot of ways. And I would say also that picking program managers right was a key to success also, and we had some very excellent program managers. I think that the program manager in the joint cruise missile program office, for example, which is an outstanding program. And I think that program was managed out as well as you can manage a program in or out of government. So there were some positive things as well.

Shiman: I think we're probably near the end of the time. Do we have time for one more brief question?

Perry: Sure, yeah.

Shiman: You may or may not know the answer to this, but this is something that I've been very curious about. Colleen Preston I know had a fairly close relationship with John

Deutch. And she, in discussions with her afterwards, she talks about him a lot. I have the impression that her relationship with Paul Kaminski was actually somewhat strained. And they seem to have worked in parallel but not together. They both were very involved in acquisition reform, but they don't seem they have actually worked together on it but in parallel. Do you know anything about that?

Perry: I do know that Colleen and John worked very closely together because I was close enough to the situation that I saw that happening. I accept your comment about that but I did not observe it, that Colleen and Paul did not work closely together. That may be true but I don't know that. I do know that John and Colleen did work closely together. I followed that, but I've become more detached from it by then.

Erin Mahan: Is there anything you wish our authors had asked you, any points you'd like to make?

Shiman: Your final thoughts?

Perry: I guess one final thought would be that what stimulated the Packard Commission in the first place was a phony issue. It was buying \$200 toilet seat or whatever it was. And there are a number of issues which catch public attention, some clever reporter, I guess. It's a \$100 hammer or a \$200 toilet. Whatever it is, it gets public attention. But the underlying problem was very real. But it took that newsworthy item to get the president to appoint the Packard Commission. I don't think he would have appointed it had that story not been headline news at the time. But what came out of the Packard Commission was a good thing, I think. So you got started off on a false premise.

The problem with the acquisition system was not the \$100 hammer. There's a much bigger problem, much different problems than that. And what we did on the Packard

Commission is try to identify those issues and they were among cultural issues and later what we called the blueprints for action. That for the years after the Packard Commission, I don't think that blueprint was ever implemented. Although President Bush didn't require it to be implemented, and I never imagined Secretary Cheney did something trying to do it, I don't think he was opposed to it.

By the time I became deputy, as I told you, I didn't see much has been done. I had a very intensive effort for a year. We got a few clear deliverables, but mostly what it changed was the culture. I brought in Colleen Preston who did an excellent job at that, I think. And I passed the ball to John Deutch, and I think he pursued it with some enthusiasm.

But the big lesson I learned from that is to succeed in a problem that complex, you had to have constant pressure from the top. The undersecretary cannot do it by himself. It takes the deputy of the secretary continuing to push and not taking his eye off that ball. After I became a secretary, I took my eye off that ball. But I do think John Deutch continued to follow up for at least a while. So I think we probably had at least a couple of years of intense pressure on it. And I think probably John White kept his eye on the ball, too, to a lesser extent also.

The secretary and the deputy always get diverted in other issues. It is always the crisis of the day, particularly when there's a war going on. Even in our administration we had the Bosnian effort which we considered the war, although it wasn't comparable to the Iraq or the Afghanistan wars and the secretary get diverted to that.

So yes, the job is to try to institutionalize the changes you make to the last even when you take your eye off the ball. And I don't think we really succeeded in institutionalizing it. So we did, I think, a good job with those four years or eight years whatever it was. I doubt what we did have enduring value and became truly institutionalized so that it did not require a secretary or

deputy.

I didn't follow what Don Rumsfeld was doing in this field at all. But even if he'd been interested in this issue, he had a war in Iraq going on. He had a war in Afghanistan. I would doubt that he would have much time and energy to pursue of this issue. But that's why it's so important to institutionalize it. And while we tried during that period of time to make changes, while we tried institutionalizing it, I don't think we probably succeeded in making changes that did endure to this day.

Give me one example of a change that we did then that did exist to this day. It's still in a related field, which is in the area of military housing where it's sort of a related issue. I despaired of ever being able to get enough appropriations to make military housing decently. And so we set up a system at Secretary Marsh's recommendation, by the way, who is a former secretary of the Army in the Bush Administration, whereby contractors could build houses on military bases and then lease them to military personnel at the rates in which the military personnel compensate cost. That led to an order of magnitude improvement in housing. I pushed that very hard when I was secretary. Every secretary following me has pushed that hard. And it's been a huge, it's been institutionalized and it's been a great success. So it can be done and that's in a related field. But I don't think we had an institutional success in the acquisition field.

Shiman: If I could just ask very briefly just to follow on in that point you made. You had eight years to institutionalize this and I do know you worked very hard at it. And if you say that you didn't succeed, it seems to suggest that it's really not doable because how could another administration do more and have as much time in the full eight years to accomplish that?

Perry: Well, first of all, I only had four years not eight years. The Clinton administration is eight years, but I was the one that got four years. I have no reason to believe that Bill Cohen has the same views as I did. Secondly, I only gave it my full attention for one year and then tried to impart that enthusiasm to my successor's deputy. But when I became secretary I was not giving it my full attention at all. But I do believe that it's fair to say that we had two or three years maybe even four years. And I think we made a lot of progress in that year. I do not think that it became institutionalized and I do not see any evidence that it's carrying on today in the sense that the military housing program is carried on today.

And when I left the office, I thought that program was not institutionalized either. I thought it would not be carried on. But maybe the idea was such a good idea, it's easy to grasp that it carried on in spite of the changing administrations. But nothing about acquisition reform is easy to understand or easy to carry out. It's complex. It's messy. It involves a lot of people and involves continual pressure from the top.

Mahan: Thank you very much, Mr. Secretary.

[End of file]

[End of transcript]