

# C-5A: Postmortem on a mess

## What the Pentagon did not learn

The C-5A Galaxy, by far the largest cargo plane in the world, has been hailed as a marvel of aerospace technology. Built by Lockheed Aircraft Corp. for the Air Force, it has also been called a \$5-billion boondoggle of the military-industrial complex—a landmark in Pentagon waste and mismanagement. Contracted for originally at about \$22 million apiece, each C-5A will end up costing nearly \$60 million. The price of the entire 81-plane program will run around \$5 billion—some \$2 billion more than the original estimate for 115 planes. The C-5A has brought Lockheed, the nation's largest defense contractor, close to bankruptcy. Its peril has increased sharply with the recent collapse of Rolls-Royce, Ltd., which plunged into bankruptcy in its development of the engines for Lockheed's new TriStar commercial passenger plane.

Somehow, the Air Force managed to hide the C-5A "cost overrun" from Congress and the public for years, until it was too late for anyone to do much about it. When Sen. William Proxmire (D., Wis.) tried to learn how the Air Force had accomplished this feat, he discovered "a pattern of inconsistencies, concealment, failure to disclose information, and manipulation of records." Until the disclosure of the \$2 billion in excess costs, the Pentagon had hailed the C-5A program as a model of modern defense procurement. Today, Proxmire calls it "one of the greatest fiscal disasters in the history of military contracting."

**T**he exposure of the C-5A scandal hurt the Pentagon. But like

any good military organization finding itself under attack, it counter-attacked with the traditional weapons of bureaucracy. First came a flurry of press releases and memos. Secretary of Defense Melvin Laird declared that, in the future, "full and accurate information on the C-5A and all other procurement matters" will be "promptly" given to Congress and the public. Soon afterward, however, the De-

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*Locke 5/18/71*

partment of Defense began refusing to give out information on the C-5A, calling it a "sensitive" program. In a memo to three top civilian aides, Laird complained about "the allusions in the press and elsewhere to 'runaway' costs on such key or major programs as the C-5." He asked for reports on "What sorts of actions on DoD's part can be taken to thwart or ameliorate the continuing adverse commentary on program costs. . . ." To an outsider, the most obvious way to cut down on the criticism of runaway costs would be to cut down on runaway costs. The Pentagon found other ways. Deputy Secretary of Defense David Packard directed that the term "cost overrun" be dropped from the Pentagon's vocabulary because it created "confusion in the minds of

many" and cast an "improper reflection on the true status of events." He suggested using the term "cost growth" instead.

Along with solving its public relations problems caused by the C-5A scandal, the Pentagon decided to purge those who had exposed it. The chief victim was A. Ernest Fitzgerald, the USAF civilian cost-control expert who first revealed the \$2-billion overrun in testimony before Congress. The Pentagon not only got rid of Fitzgerald, it abolished his job.

Next, the Pentagon went to work on its own civilian Office of Systems Analysis (OSA). Set up by former Secretary of Defense Robert McNamara, it is supposed to keep a check on the cost-effectiveness of new weapons systems. (McNamara considered such a check vital because, as he reportedly said, "The military think about weapons the way women think about perfume.") At crucial points during the development of the C-5A, OSA had had the poor judgment to question the need for all the C-5A's requested by the Air Force. Since OSA had been questioning the need for many of the services' pet projects, the services began openly questioning the need for OSA. Secretary Laird has responded by sharply reducing its influence in the Department.

The Pentagon never manage to discover anyone clearly resp

## when it threw away your \$2 billion

ble for what went wrong with the C-5A. As Gen. John McConnell, USAF Chief of Staff during the C-5A's development, complained, "In running flying outfits, I never had any trouble. When a squadron commander goofed, he was fired. In our procurement and development areas, I can't find anyone to fire. Too many people at too many levels have had too much to say about the program."

The first opportunity to observe what had been learned from the C-5A affair came with the contract for the F-15, a new Air Force jet fighter. This was the first major contract negotiated and signed by the Laird regime. There was much talk about "tough" new contracting methods.

**A**s time passed, the results of this tough new approach to contracting became strikingly familiar to those who had followed the progress of the C-5A. In June, 1969, the Pentagon told Congress it planned to buy about 500 to 600 F-15's, at an average cost of \$5 to \$7 million apiece. In September, Secretary of the Air Force Robert Seamans said he was shooting for a unit cost of \$6 to \$8 million. Three months later, when the award to McDonnell Douglas Corp. was announced, Brig. Gen. Benjamin Bellis, director of the F-15 program, told reporters the Air Force would like eventually to buy 700 planes at an average price of \$13.5 million—for a total cost of nearly \$10 billion. Secretary Seamans promised that this time, the Air Force would control costs on the program by requiring "good hard estimates."

One reason cost estimates just naturally seem to grow around the Pentagon is that there has always been plenty of money to spend. DoD procurement officials often show about as much respect for the public's money as any child would show for the allowance received from an overly generous father. At the congressional hearings on the C-5A, for example, Air Force officials estimated the program's cost overrun at "upward of a billion dollars, probably on the order of a billion and a half."

With attitudes like this, most

Pentagon officials did not become upset when the C-5A overrun reached \$2 billion. As one said, "I don't see why Proxmire and everyone have picked on the C-5A. There are many examples of defense contracting that are much worse." Unfortunately, he is right. Both in terms of percentage and actual dollars, the C-5A's \$2-billion overrun set no records. The Pentagon has already confirmed a cost "growth" on the Minuteman missile program of nearly \$4 billion. A General Accounting Office study of 38 major weapons programs now under way shows an average cost rise of 50 percent over the original contract prices already—a total increase of \$20 billion.

Faced with the \$2-billion overrun on the C-5A, the Pentagon appointed commissions and ordered numerous studies, reports and policy reviews. Basically, nothing has changed, because the problem is not the C-5A, but the military-congressional-industrial system that produced it. The only unusual aspect of the C-5A scandal is that the public found out about it.

To the average citizen, whose major financial concerns range from the price of a new car to a home mortgage, \$5 billion or even \$5 million are relatively meaningless figures. They seem like fairly large amounts of money, but then so do most sums the Federal Government deals with. Even in Washington, D.C., however, \$5 billion represents a great deal of money: nearly twice as much as all Federal aid to public schools in 1970; more than four times the funds devoted to bio-medical research; more than four times as much as the Government spends on low- and moderate-income housing; and nearly 50 times the Federal funds available for mass-urban-transit programs.

Until the nation's taxpayers begin to think in such terms, and realize what wasted defense dollars could do for the country's pressing social problems, they will not care how the Pentagon spends their money. The C-5A scandal shows that the Pentagon's spending habits are incredibly sloppy. But as long as the public doesn't care, the Pentagon won't either. END