I have to start the topic with Robert McNamara - The McNamara Revolution, the attempt to manage defense department.

Robert Strange McNamara, the 7th Secretary of Defense, the one with the longest tenure, biggest impact. Liberals hate Nixon. Conservatives hate the Clintons. The Military Industrial Complex hates McNamara - still editorials against him 35 years after he left office.

Towerimg figure worthy of first class biography:

- Berkeley
- HBS
- WWII Tex Thorton (Litton) Whiz Kid
- Ford/Edsel
- Ann Arbor
- Kennedy pic. Johnson - kUKD kind of guy
- Vietnam
- World Bank afterward - less successful but just disliked there
- Strange personal life

We need to go back to Eisenhower to understand. Fight over new technology after WWII/roles and missions, national strategy:

Revolt of Admirals, the famous fight between the B-36 and the Super Carrier

Korean Buildup – budget 4X in 3 years, from 1.5 mil to 3.6 mil

Eisenhower - expectation of a long Cold War, desire to avoid breaking bank
   
   Goes for massive retaliation - The New Look
   Cheaper but Big crush of projects - bombers, missiles, nukes
   USAF gets 50% of defense budget, squeeze conventional forces
   Navy goes for Polaris
   Army has "Revolt of Colonels"; marries the Democrats

1960 Election "Missile Gap" Strategic critique "Flexible Response."

   The need for a credible response
   Vietnam/and no measure of strategic fit

Critique is broader - included argument that DOD needs to be managed. Eisenhower, they said, imposed a budget ceiling, allowed the services to divide the pie and ignore common missions (the Servicism argument). Bad management.
Secretary of Defense needed to be **Leader, not Judge.**
Thanks to 1958 Amendments he had the authority, but not the tools or will.

- no central planning
- no calculus of need
- no incentives for efficiency

Three parts to reform:

1. Need, not a ceiling - Planning, Programming and Budgeting System PPBS
2. New way to make decisions - Systems Analysis
3. Incentives for Efficiency - Procurement Reform

**1. PPBS** - long origins, Hoover Commission and early public administration theorizing.

- **look for multi-year commitment** – five-year defense plan
- **make output oriented decisions** - decide on all strategic forces
- **tie forces to missions** - put likes together
- **make comparisons** - use systems analysis
- **make decisions in logical sequence**

**Where is Congress in all of this?**

Congress wants line items to control

Categories are not meaningful - conventional forces

**2. SYSTEMS ANALYSIS** - ops research in WWII

- **cost effective** - effective in terms of whose goals, efficiency for what?
  - systematic, quantitative, common sense

  selective application - not POLARIS, not Vietnam

Real purpose is to legitimize Administration's decisions; Eisenhower - not just a 5-star general but had a political judgement to make - Military can't really challenge;

Kennedy Administration said no ceiling - how then to limit the budget? → SYSTEMS ANALYSIS
It is your tool, your language – You can't stop military with ceilings to challenge them on military grounds but with new language. Drives military to distraction. They are the experts but don't know the language. Hate the practitioners. Military learns the language.

Security Studies and PA&E

Rumsfeld and TRANSFORMATION?

3. PROCUREMENT REFORM

Incentive Contracts - give incentives to pick right trade-offs, but military preferences are different from McNamara.

TFX joint procurement Navy hated - Boeing won, but McNamara overruled. Boeing essentially left business.

Total Package Procurement - to avoid buy-ins, optimistic estimates and overruns, Get-wells. Have a competition at point where system is being put together for the whole deal.

Services outlast the Secretary. Companies know that government (or at least the Services) wants the stuff. Can threaten to go out of business - close plants. Congress/Administration will save them.


But this is good only until the next cycle.

Best thing is to commission a study, blame the last administration, make up a set of slogans for an old and failed set of ideas and kick the can down the road.

Can you manage DOD?

Ask Harold Brown: Not really. It's not a Company; it's your Country!

• Can't Measure Output – wars are rare, full tests, what is military efficiency?

• Big Conflict Over Goals - what is our strategy?

• Very Complex Organization - 1.5mil, 800K reserve, 600K civilian, 2 mil contractors, 2 mil dependants
• Very Political - Who gets to be Secretary/Assistant Secretary?

• Organizational life very important - want golf course, bases in warm places etc., retirement, PX

Has anyone done well?

Melvin Laird? Let services decide cuts.

Weinberger? Reagan's Plan - Cut taxes, Raise Defense, Cut Social Programs (or let deficit cut them). Sounds familiar?

Core Problems: Gensler

Over-management - unavoidable, Congress/Administration/Military

No long-term Planning - Can there be one?

No control over rewards and punishments - it is government