

Panel Says Warheads Are Too Costly

A blue-ribbon panel of former government officials has sharply criticized the U.S. weapons establishment for spending too much money on nuclear warheads. Noting that the complexity and cost of warheads under development have steadily been increasing, the panel, chaired by former national security adviser William Clark,* has recommended a series of reforms aimed in part at curbing the military's nuclear appetite and encouraging the alternative development of conventional warheads.

"Increased fiscal accountability is needed in the process by which DOD 'orders' the number and performance features of weapons," the panel said in a comprehensive report issued on 15 July. Too little attention is paid to warhead costs during the critical early stages of engineering development, and little monitoring is done thereafter. The reason, the panel indicates, is that procurement responsibility is presently split between the Department of Defense (DOD), which places the orders, and the Department of Energy (DOE), which pays for the production.

This thesis is widely believed on Capitol Hill, and the report is expected to provide powerful ammunition for members of Congress who want to shake up the procurement process. As Senator Sam Nunn (D-Ga.), a senior member of the Senate Armed Services Committee, said during floor debate last year, "There is a built-in incentive for DOE to build the most expensive warhead possible and to build as many as possible. The Department of Defense is not constrained to consider cost in setting warhead requirements because DOE funds the warhead costs."

Last year, Nunn and several others proposed to shift all nuclear warhead production costs to the Pentagon's budget in the wake of testimony on the skyrocketing production costs of the W82, a new nuclear artillery shell designed for use in Europe. As Major General George Withers, a deputy assistant secretary of the Army, acknowledges, "there are features of the W82 which have made the technology difficult to fabricate and put together," and these have caused the costs to be substantially higher than average. Each shell, which is roughly 34 inches long and 6 inches wide, is reported to cost more than \$3 million and the Army wants to build hundreds of them. Development and testing alone cost several hundred million dollars, and lifetime maintenance is estimated at nearly a billion dollars.

Nunn has since backed off of his proposal to shift production costs for the W82 and other warheads to DOD, but still favors some form of penalty when DOD's taste becomes too lavish. The panel agrees that DOD makes weapons choices "without formally considering DOE's nuclear weapon costs," and that more attention is needed to the real costs of "gravity bombs and artillery projectiles." Overall, it says, production costs have increased more than 7 percent in constant dollars each year for the last 25. But it recommends against having DOD pick up the tab out of concern that it might erode "DOE's ability to provide independent judgments on nuclear weapon safety, security, and control matters," as well as the independence

and competence of the three principal nuclear weapons laboratories and the principle of civilian control over nuclear weapons.

Instead, it proposes a complicated but more politically palatable arrangement whereby the budget allocation for nuclear weapons and material production would be forced to compete with other military items for DOD support, and then revert to DOE control. The plan would specifically exempt the nuclear weapons research and development account—including all funds for the weapons laboratories—from this competitive pressure.

In addition, the panel proposes that the Military Liaison Committee (MLC), a DOD panel which helps determine nuclear warhead requirements, be eliminated and replaced by a joint DOE-DOD panel to be known as the Nuclear Weapons Council. The council would develop various weapons options, ride herd on the budget, and supervise preparation of the annual Nuclear Weapons Stockpile Memorandum, which determines the number and type of warheads to be produced. At present, the memorandum focuses on the availability of essential nuclear materials, with scant regard for costs, the panel says.

A variety of reforms are suggested within DOE itself. One motive for the panel's review "was said to be frustration by some members of Congress and their staffs with DOE explanations of nuclear weapon costs. After several months of effort, the . . . members understand the congressional frustrations," the panel says. "DOE's apparent reluctance to adopt customary, and thus more understandable, concepts of cost measurement and presentation requires serious attention." In particular, it notes that DOE refuses to use total production costs for individual warheads as a basis for program management, a standard accounting practice. Lieutenant Colonel John Riggs, the panel's staff director, also notes that DOE field offices have a long history of preparing "inaccurate production cost estimates, especially when the warhead pushes the state of the art." Independent cost analyses are needed so that senior DOE officials can make sound decisions, the panel says.

Finally, the report observes that "the military services do not automatically accept nuclear warheads for all feasible applications, but there are no formal procedures to ensure that conventional alternatives are considered." It recommends that all of the military services adopt a written policy similar to that issued by the Chief of Naval Operations in January 1985. The policy states that new nuclear weapons should not automatically replace those that are taken out of service, and that "nuclear weapons should not serve as substitutes for conventional weapons where improved conventional weapons will suffice."

As an additional institutional guarantee that conventional weapons receive adequate consideration, the panel suggests that "the mission of the three national laboratories should be broadened to give them a considerably greater role in other defense R&D, in particular, advanced conventional munitions." It notes that the laboratories are already moving in this direction, with new projects on highly accurate conventional weapons intended for use in Western Europe. But it suggests that more such work be taken on.—R. JEFFREY SMITH

* The other members were Harold Agnew, a former director of Los Alamos National Laboratory; Alan Furth, chairman of the Federal Reserve Bank of San Francisco; Jeane Kirkpatrick, a former U.S. representative to the United Nations; Frederick Kroesen, a former commander of the U.S. Army in Europe; William Perry, a former secretary of defense; and James Schlesinger, a former secretary of defense.