

# Beggs Takes a Leave of Absence at NASA

James Beggs, administrator of the National Aeronautics and Space Administration (NASA), has taken an indefinite leave of absence to battle criminal charges arising from his past experience as a senior executive at the General Dynamics Corporation. A seven-count indictment, alleging that he and others at the firm conspired to defraud the federal government of millions of dollars, was handed down by a California grand jury on 2 December.

Beggs' decision has elevated Thomas Graham, an electrical engineer and former weapons consultant at R&D Associates in Marina del Rey, to the post of acting administrator. Graham was confirmed as Beggs' deputy on 22 November, reportedly over the objections of Beggs and others at the agency that he had insufficient management experience. Philip Culbertson, an aeronautical engineer and agency veteran who directed the space station office, has been appointed NASA general manager, a new post created to minimize any disruption. His appointment is in part a reflection of agency awareness that securing substantial new funds for the space station in next year's budget may be an uphill battle.

Beggs, who is well-liked within NASA and on Capitol Hill, has described the charges as "baseless . . . outrageous [and] ridiculous." In a speech to NASA employees, he said that "once this is brought to trial . . . I will be completely exonerated" and he decried "the very adversarial relationship which is being created by these suits" against defense contractors.

Specifically, the indictment alleges that Beggs, who served as an executive vice president at General Dynamics from 1978 through 1981, approved a series of illicit efforts to obtain government reimbursement for cost overruns on a fixed-price contract. The contract was for two prototypes of the ill-fated DIVAD anti-aircraft gun, killed by the Defense Department last August. The funds were illicitly obtained from a pot of money made available to defense contractors for independent research and development, known in the trade as IR&D, and for the preparation and submission of bids on future contracts, the indictment states.

Government reimbursement of these expenses has long been a topic of controversy, with critics charging that the system amounts to a unique form of corporate subsidy. The way it works is as follows: Each year, defense contractors are given public funds to pursue research of their own choosing so that they can stay competitive in the weapons marketplace. Since the level of funding is heavily influenced by the contractor's research expenditures in prior years, the funds tend to be concentrated at a relatively small number of large firms such as General Dynamics. Patent rights on new discoveries are retained by the contractors.

There is little doubt that the program has produced some valuable military innovations. But critics say that it has also been subject to considerable abuse. Ten years ago, for example, Senator William Proxmire (D-Wis.) and others attacked the program during hearings before the Senate Committee on Armed Services and the Joint Economic Committee, because it was largely unsupervised and had more than doubled in size over 10 years. Today, the expenditures stand at more than \$3 billion. In 1982, the House Appropriations Committee wound up putting an annual cap on IR&D and bid expenditures. But additional reforms, which would place tighter constraints on contractors' flexibility, have been resisted.

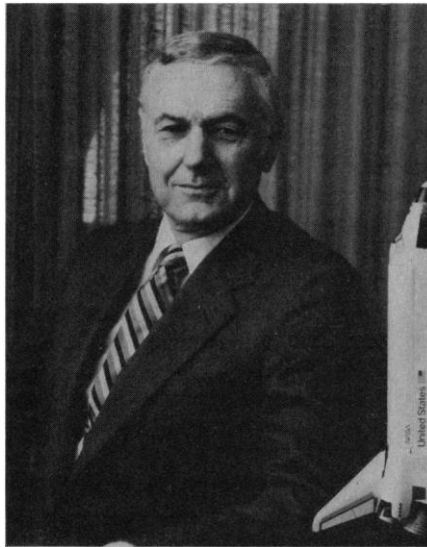
One of the few hard and fast rules is that IR&D funds are not to be used for work performed under a fixed-price contract. Yet this is exactly what General Dynamics allegedly did in order to recoup cost overruns estimated internally at \$7 million in 1978 and \$6 million in 1979, according to the indictment. At a series of meetings where Beggs presided, and in a series of memoranda that he and others signed, the company decided to draw funds for DIVAD computer software, fuses, spare parts, and training from the pot of money available for IR&D and new contract bids, the indictment states. Ambiguous research descriptions served to conceal the arrangement, enabling the company to avert a detailed audit and continue receiving routine contract payments.

The indictment states that certain IR&D accounts were discontinued when the associated DIVAD work was completed. But Beggs and the others strongly deny any wrongdoing. "I found that anything and everything that we did in the industry was intended to be done in a very ethical way,"

Beggs told NASA employees, adding that there was "nothing that I did in the case . . . that I would not do again." Together with "the very bad kinds of statements that are being made in the press and elsewhere," he added, the lawsuit "will make almost impossible the accomplishment of our tasks," not just at NASA but at the Defense Department as well. He does not intend to resign.

Acting administrator Graham, who formerly served as chairman of President Reagan's General Advisory Committee on Arms Control and Disarmament, has substantial previous experience in missile and aircraft design and survivability and nuclear weapons effects. "At the very leading edge of NASA's work, the maintenance of a strong scientific and research program in space and atmospheric programs is essential," he said during his confirmation hearing. In response to questions at the hearing, he indicated that he has few quarrels with the agency's existing policies on the space shuttle, the space station, and aeronautical research.

—R. JEFFREY SMITH



**James Beggs**

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