

Packard blasts 'police-state tactics' in Pentagon procurement scandal

by Leo Scanlon

In a speech to the Senate Armed Services Committee on July 27, business executive David Packard ripped apart the entire framework of Operation Ill Wind, the ongoing "defense procurement" investigation of the Pentagon and defense industry, characterizing it as the type of action which would occur "in the most tyrannical type of police state." Packard, the chairman of the board of Hewlett-Packard Corp., blamed a corrupt Congress and fanatics in the Department of Defense for creating a regulatory nightmare which "is operating military acquisition like an Iranian bazaar."

Packard was the chairman of the President's Blue Ribbon Commission on Defense Management, which in April 1986 submitted a report that called for "reforms" in auditing procedures in the Pentagon, and for cost-cutting measures. *EIR* has been highly critical of that report (see, for example, "Economic warfare hits U.S. defense capability," *EIR*, July 22, 1988). But Packard's current evaluation of the campaign against the Pentagon, is right on the mark.

"The underlying cause of these problems in military acquisition," he told the committee, "is that defense procurement has been micromanaged to death, and in effect criminalized during the past seven years by the combined actions of the Defense Department and the Congress. The actions that have been taken in defense procurement by the administration and the Congress, assigning too many inspector generals and auditors to the major acquisition business, bringing criminal action against people like [former NASA administrator] Jim Beggs, using information obtained by wire-tapping offices in the Defense Department and the defense industry for instant debarment and other punitive action against contractors, are going in the wrong direction."

His testimony continued, "This country has long established legal procedures to deal with crime. They should not be preempted in the name of military reform. To do so results in actions of a kind that would be expected only in the most tyrannical type of a police state. Such actions are the antithesis of the very fundamental concepts of a free society, and a free enterprise economy."

Packard hit some vulnerable points in the "free enterprise" shibboleths which dominate the Reagan administra-

tion. "The breakdown of the procurement system is caused by two things," he said, "the attempt by the Congress to impose competition in a situation in which real competition in the conventional context is virtually impossible to achieve, and to try to impose competition by a myriad of unrealistic rules and regulations enforced by what I consider to be identical to police-state tactics."

Packard pointed to the Minuteman missile and the Polaris submarine programs of the 1950s as examples of model procurement/development efforts. The Minuteman program, directed by Gen. Bruce Medaris, and the Polaris program, run by Adm. Hyman Rickover, were characterized by a commitment to pushing the frontiers of the nation's research capabilities, then building a procurement system as a by-product of the rapid transformation of research into production capability.

Packard repeatedly leveled broadsides at the corrupt and hypocritical Congress, which has campaigned for the "reforms" that have strangled industrial production, and demanded to know what right Congress has to point fingers at contractors who emulate the parliamentary tricks and maneuvers which control the minutest elements of defense procurement.

A falling out at Justice

According to sources close to the "Pentagate" case, the strategy of Packard and his factional allies, of putting pressure on the Congress, is being used to force political infighting among the various prosecutors involved in the investigation, and thereby break the veil of secrecy and terror which has surrounded the proceeding so far.

This seems to be what is behind a fight which has broken out between the Brooklyn and Alexandria U.S. Attorney's offices. The Brooklyn team, headed by Assistant U.S. Attorney Andrew Maloney, had made prominent pro-defense congressmen the focus of its investigation, a strategy which did not sit well with the chief Pentagate prosecutor, Alexandria U.S. Attorney Henry Hudson, who, according to disgruntled investigators in Brooklyn, has stripped resources away from that area, to concentrate on the Department of Defense and

related networks in industry.

The Brooklyn complaints are merely a case of "thieves falling out," since the investigations in question were focused on breaking up the defense industry political action committees which support the DoD on Capitol Hill. Hudson seized bureaucratic control over these investigations in the early stage of the project, and if he fails to keep the Brooklyn investigations under control, it is widely expected that Ted Greenberg, the head of the Defense Procurement Fraud Unit in the Justice Department's Criminal Division and a specialist in wrecking military intelligence capabilities, will take control of the entire proceeding. Greenberg played the role of mediator in this dispute early on, and has reorganized and streamlined several earlier attacks on the defense industry which fell apart in court.

Hudson has been widely criticized for his grandstand tactics of providing insider briefings to certain congressmen, who then leak the information to create maximum scandal in the press. Hudson's transparent purpose is to control the impact among the congressmen whom he hopes will eventually support his political ambitions. Insiders say that he looks for high office, either a seat on the federal bench, which he has unsuccessfully lobbied for in the past, or the post of attorney general of Virginia, as reward for his services.

No congressman is expected to forget the fact that Hudson developed his investigation by using a network of pederasts to entrap and blackmail defense contractors (see "Pentagate exposed as Weld and Hudson's dirtiest sting," *EIR*, July 22, 1988). Even the gutless wonders of Congress can spot an extortion racket when they see one.

Origins of Operation Ill Wind

As *EIR* documented in its last issue, Operation Ill Wind is a direct continuation of the Operation Defcon prosecutions in Los Angeles, started in 1984. Further evidence has now come to light that fills out the picture. The Marquardt Co., a Van Nuys, California-based producer of missile warheads, was informed that FBI agents were interviewing employees with an eye to reviving an investigation that lawyers thought had been completed under Defcon—an investigation which ended in no indictments. The premise of the investigation was the fact that the contract was awarded by Victor Cohen, a former Navy Department official who is now a target of the Ill Wind operation.

A company official, informed of the renewed investigation, commented, "Don't tell me that. That is the first time I have ever heard that. It is unbelievable. I must live in another world."

The conclusion to be drawn, is that byzantine political infighting will not stop the assault on the defense industry. While the prosecutors themselves, and even certain aspects of the investigations, may be dispensable, the assault on the industry will continue, as long as the Justice Department is allowed to pursue its drive to become a secret police organization.

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