



## Stanford eCorner

### Upgrading America's Military Might

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Retired Stanford Professor William Perry describes his transition from early entrepreneur to government appointee and how he reluctantly agreed to answer the call in 1977. In conversation with Steve Blank, Perry says officials in Washington wanted him to introduce digital technology into America's weaponry, as he had successfully done in industry.



#### Transcript

- Now, you were president of the successful company. It was growing. And all of a sudden you get a call from the U. S. Government that says, We'd like you to leave Palo Alto and come to Washington, D.C. And you did it multiple times. It can't be the pay. What were you thinking? - Well, what I was thinking was, No, I don't want to do that. (both chuckle) So I got a call from an old friend, Harold Brown is his name, he had been the president of Caltech and then you're going back to, he was invited by President Carter to become Secretary of Defense. He was a Ph.D in Physics, a technical background like myself.

He asked me if I would come back to be his Under Secretary for Research and Engineering, and I said no. I mean, I wanted... Today we talk about entrepreneurs and serial entrepreneurs, people that are proud to say they are serial entrepreneurs. I'm not proud to say, I was not a serial entrepreneur. My plan was simple and plain: I wanted to take my company and build it into great company. I had no idea of bouncing off with another idea to another company. Well, that was my plan, and since I was firming up, the last thing I wanted to was leave my company and go back to Washington, so I said no. And after two weeks of protracted discussion back and forth across the country, I yielded and said yes, which was the right answer, by the way. But what persuaded me to say yes was, this was 1977 now, January 1977, and the President and Secretary carefully explained to me that we were on a very serious security issue in those days. I won't bore this class with the whole security issues of 1977, but they had some resemblance to the security issue today.

But when World War II ended, we ended up with almost a nuclear monopoly. But we disbanded, we had an army of ten million men then, we disbanded the army, we disbanded our defense industry. The Soviet Union, on the other hand, observing what had happened in World War II, decided they would maintain a large army and that they would build up a defense system. They wanted to emulate what the United States had done in World War II. They thought the reason the Allies had won the World War II was because of America's industrial might. That's an oversimplification but certainly was a major factor, America's industrial might. They said, Next war we want to win with our industrial might, so they tried to emulate what we had done. They built up this huge defense industry, and maintained quite a large army. So in 1977, with all that background, they had an army about three times the size that not just we had, but what the NATO had at that time. Up until that point, we'd said, So what? We have a great nuclear advantage.

But by 1977 they'd caught up in nuclear weapons as well. Everybody was concerned. There was serious talk, I think greatly overstated talk about a window of vulnerability towards surprise attack by the Soviets. There was a lot of concern to the point of hysteria, I would say. But in any event, the serious concern was, we had to do something about that. And the President had decided very clearly, he did not want to emulate the Soviet Union into tripling the size of military. That would be huge cost, it would've bankrupt our economy, doing that. Not to mention the fact that it would have been very politically unpopular. So if we're not gonna do that, we want to offset their superiority in numbers with the superiority in technology. - That's the magic

word: offset.

- Offset. We want to offset that, and he's seen what I've done with the company and he said, What you did was introduced digital technology into your particular field. It was very successful. I want you now to introduce digital technology to all of our the most important military weapons. - Good idea. - And use then to make them so much superior to the Soviet weapons that we will offset their numerical superiority. So we went then and what became to be called Offset Strategy Number Two. The first offset strategy was to use our nuclear weapons to offset them. The second was to use our technology to offset them. So he gave me the job to offset, and that was a fascinating job.

I had about a hundred billion dollars a year budget to do that. - Kind of like a start-up. - You had to multiply that by 10 today to get the equivalent dollars, so it was a lot of money, a lot of resources. And he gave me full authority to do it. - Wow. - So that was just such a fascinating challenge. Aside from being an important problem, it was a fascinating technical challenge that I couldn't turn it down.