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THE WHITE HOUSE

WASHINGTON

August 28, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM:

JOHN G. ROBERTS *JGR*

SUBJECT:

Washington Times Article Regarding  
U.S. Army Communications System

The Chairman of the Board of GTE Corporation has written Mr. Regan to express his concern over a Washington Times story on the U.S. Army's imminent procurement decision for a new battlefield communications system. The Times article raised the possibility that pressure may be being brought to bear to choose a British supplier over GTE, in view of the Administration's "special relationship" with the Thatcher government.

I recommend a prompt referral to Defense General Counsel for a recommendation and, if appropriate, a draft reply. I do not know if this procurement decision may be made after considering foreign relations concerns or not, so I did not prepare a reply assuring the writer that the lowest qualified bidder would get the job.

Attachment

THE WHITE HOUSE

WASHINGTON

September 9, 1985

MEMORANDUM FOR CHAPMAN COX  
GENERAL COUNSEL  
U.S. DEPARTMENT OF DEFENSE

FROM: FRED F. FIELDING *Orig. signed by FFF*  
COUNSEL TO THE PRESIDENT

SUBJECT: Washington Times Article Regarding  
U.S. Army Communications System "MSE"

You have discussed a possible response to the attached letter from GTE Chairman Brophy to White House Chief of Staff Regan with my staff. On reflection, it is my view that it would be preferable for the Department of Defense to respond directly to the letter.

Many thanks.

FFF:JGR:aea 9/9/85  
cc: FFFielding  
JGRoberts  
Subj  
Chron

THE WHITE HOUSE

WASHINGTON

September 5, 1985

Dear Mr. Brophy:

This is written in response to your letter to Chief of Staff Don Regan concerning the contract for the United States Army communications system known as "MSE."

I am advised that no decision has yet been made on the award of this contract, and that the matter is still under review in the source selection process. You may be assured that the Department of Defense will fully comply with all applicable rules and regulations in reaching a decision on this contract award. Any specific concerns you may have should be addressed directly to the appropriate officials in the Department of Defense and the Department of the Army.

Sincerely,

Fred F. Fielding  
Counsel to the President

Mr. Theodore F. Brophy  
GTE Corporation  
One Stamford Forum  
Stamford, CT 06904

FFF:JGR:aea 9/5/85  
bcc: FFFielding  
JGRoberts  
Subj  
Chron

THE WHITE HOUSE

WASHINGTON

September 9, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM:

JOHN G. ROBERTS 

SUBJECT:

Washington Times Article Regarding  
U.S. Army Communications System "MSE"

I concur in your suggestion that Defense respond directly to Brophy, particularly since there is nothing of substance that we can tell him. Having Defense respond also keeps distance between the White House and this controversial issue. I discussed this with Chapman Cox and he is willing to respond to Brophy's letter.

Attachment

THE WHITE HOUSE

WASHINGTON

September 5, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM:

JOHN G. ROBERTS 

SUBJECT:

Washington Times Article Regarding  
U.S. Army Communications System "MSE"

I talked with Chapman Cox, Kathleen Buck, and Dave Ream of the Defense General Counsel's office, several times each, in an effort to gather information on an appropriate response to Mr. Brophy's letter to Mr. Regan. They repeatedly stressed that the matter was very sensitive. The contract award decision is apparently being considered by the Secretary of the Army, the Undersecretary of the Army, and Will Taft. No decision has yet been made. The award is being reviewed under the Defense Acquisition Regulations, which do not provide for consideration of foreign relations. On the other hand, the President could become involved in the process on the basis of such considerations if he so desired, though this is ordinarily not done and would probably not be desirable in such a high-profile, bitterly contested case. Many expect any contract award to be appealed by the loser to the Armed Services Board of Contract Appeals and, from there, to the U.S. Claims Court. The attached response is based on recommendations from Cox's office.

Attachment

**WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET**

*JBR*

- O - OUTGOING
- H - INTERNAL
- I - INCOMING

Date Correspondence Received (YY/MM/DD) 1 / 1

Name of Correspondent: Theodore F. Brophy

MI Mail Report      User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: August 15 article from the Washington Times regarding U.S. Army communications system known as "MSE"

ROUTE TO:	ACTION	DISPOSITION			
Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CSREGA</u>	<u>ORIGINATOR</u>	<u>85/08/19</u>		<u>C</u>	<u>85/08/19</u>
<u>CUFIEL</u>	<u>A</u>	<u>85/08/19</u>			<u>1 / 1</u>
<u>WAT18</u>		<u>with cc: Mr. Regan</u>			<u>85/08/19</u>
		<u>1 / 1</u>			<u>1 / 1</u>
		<u>1 / 1</u>			<u>1 / 1</u>

**ACTION CODES:**

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

**DISPOSITION CODES:**

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

**FOR OUTGOING CORRESPONDENCE:**

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOb).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.



337182

GTE Corporation

Theodore F. Brophy  
Chairman of the Board

One Stamford Forum  
Stamford, CT 06904  
203 965-2000

August 16, 1985

The Honorable Donald Regan  
Chief of Staff  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

Dear Don:

I have just had brought to my attention the attached article from the Washington Times of August 15 and am writing to express my concern.

GTE and its subcontractors, including Thomson C.S.F. of France, are bidders for a U.S. Army communications system known as "MSE," which is a state-of-the-art mobile communications system. The competitors are Rockwell and Plessey of Great Britain and their subcontractors.

The GTE bid, as the newspaper article indicates, has very substantial U.S. content and is based on U.S. technology. The Rockwell bid will have lesser U.S. content and is based on British technology.

We believe that the award should be made on the basis of price, technical capability and the impact on U.S. jobs. We have heard from various sources, including the newspaper article, that Margaret Thatcher has been selling very hard for her British supplier. We believe it would be most unfortunate if the decision was in any way influenced by the political view of either the governments of France or Great Britain.

I believe that anything you can do to assure that the decision is made on the basis of cost, technical capability and impact on U.S. jobs will be in the long-term best interest of the United States.



The Honorable Donald Regan

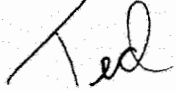
-2-

August 16, 1985 ..

I am sure that you can understand that an article of the kind attached to this letter causes us concern.

I hope that you will be able to get a restful and well-deserved vacation in Florida.

Sincerely yours,

A handwritten signature in cursive script, appearing to read 'Ted', written in dark ink.

Theodore F. Brophy

TFB:clp:rhh

Attachment

# MORNING BULLETIN

## INSIDE THE BELTWAY

### **\$4 billion system**

Since July 1984, the U.S. Army has been studying the purchase of a \$4 billion battlefield communications system called MSE (for Mobile Subscriber Equipment). It is ultrasophisticated and as damage-proof as now possible. It will permit the Army to mesh command and communications systems with Allied armies in Europe, which already are well along in the technology. A decision on what to buy from whom is due shortly after Labor Day.

The competitors are: 1) GTE, offering a 70 percent-plus U.S.-made system and subcontracting with Thomson of France, which

produced the successful RITA system used by the Belgian and French armies; and 2) Rockwell and the British company Plessey, which offers the PTARMIGAN system now being deployed by the British army.

The U.S. Army leans toward the RITA system from GTE/Thomson on the basis of lower cost, proven performance and higher U.S. content. Moreover, a change of government in France — from conservative to socialist, or vice versa — is unlikely to affect French defense policy. In fact, President Mitterrand played a key role in pushing for Euromissiles. But the French are being careful not to appear to be playing any political cards in the contract competition.

The British are being less sly. They are stepping up pressure on the Reagan administration. British Defense Minister Michael Heseltine spent several hours making a pitch to Defense Secretary Caspar Weinberger in July. A few days later, when Prime Minister Margaret Thatcher came to Washington, she was not circumspect about her desire for the contract.

Thus the Pentagon is under pressure to make its decision on the basis of the "special relationship" with Great Britain — which might well cease to be one if the Labor Party and unilateral disarmers win the next British election.

AUG 16 1985

THE WHITE HOUSE

WASHINGTON

August 28, 1985

MEMORANDUM FOR CHAPMAN COX  
GENERAL COUNSEL  
U.S. DEPARTMENT OF DEFENSE

FROM: FRED F. FIELDING  
COUNSEL TO THE PRESIDENT

SUBJECT: Washington Times Article Regarding  
U.S. Army Communications System

The Chairman of the Board of GTE Corporation has written the White House Chief of Staff to express concern over a Washington Times article that suggested certain foreign relations concerns might affect the award of the contract for the MSE communications system. I would appreciate your guidance on how to respond and, if appropriate, a draft response. The Times article stated that a decision was expected shortly after Labor Day, so we should have some response for Mr. Brophy very soon.

Attachment

FFF:JGR:aea 8/28/85

cc: FFFielding  
JGRoberts  
Subj  
Chron