13

EUROPE TRANSFORMED 1988–1991

Between 1981 and 1988 the U.S. military spent more than $3 billion on construction in Europe and more than $100 million in master planning programs among the forty-two United States Army, Europe (USAREUR), communities. This effort, made necessary by new weapons systems and several decades of inadequate funding for maintenance, was spurred by a special report to Congress submitted by the commander in chief of USAREUR, General Frederick J. Kroesen, in 1981. The construction projects of the 1980s encompassed operational and training facilities; maintenance, storage, and supply facilities; barracks, dining halls, family housing units, and child care centers; hospitals and medical and dental clinics; sports fields and recreation facilities; and the heating, cooling, electrical, and sewer infrastructure.[1]

By 1988 USAREUR administered about 34,000 buildings located at more than 820 sites in countries from the Baltic Sea to the Mediterranean. The building and maintenance program of the 1980s brought about vast improvements in the living and working conditions of U.S. military personnel stationed in Europe. American leaders in Europe anticipated that similar work would continue well into the 1990s. The USAREUR commander's special report to Congress for 1988 noted in its conclusion:

> For every soldier who sleeps in comfortable barracks or every family that lives in decent housing, others continue to live in crowded, unsightly, and unacceptable buildings. For every soldier who maintains a weapon or vehicle in a safe, well-lit, properly-equipped workshop, many others must still attempt to perform the most intricate and exacting maintenance tasks outside, exposed to the elements, or inside dilapidated, unsafe, and totally inadequate converted horse stables. We must be allowed to continue what we have begun.[2]

The construction projects dedicated to improving the quality of life for soldiers in the 1980s brought to the Europe Division (EUD) of the U.S. Army Corps of Engineers (USACE) years of intense activity and organizational growth. Following the rapid turnover of division commanders in the mid-1980s, Brig. Gen. James W. "Bill" Ray's three-year tenure gave the division's employees a sense of stability and motivation to achieve excellence. As spring turned to summer in 1988, the staff learned that Ray would be promoted and reassigned to Headquarters, USAREUR, in Heidelberg as deputy chief of staff, engineer. The Europe Division was functioning smoothly, and morale was high. In Ray's final monthly column in the *Corps' Line*, he reminded the division to "expect a future full of change."[3] Neither he nor anyone else had any idea how much change the next three years would bring.

EUD's new commander had his own agenda for the division. His efforts to reorient the division became swept up in currents of change that brought a veritable revolution to the politics of Europe. That revolution challenged the Europe Division's existence and forced cancellation of much of its construction. The dramatic developments in East-West relations that provoked a restructuring of Europe overwhelmed efforts to bring modest changes to the Europe Division that General Ray's successor launched in 1988.

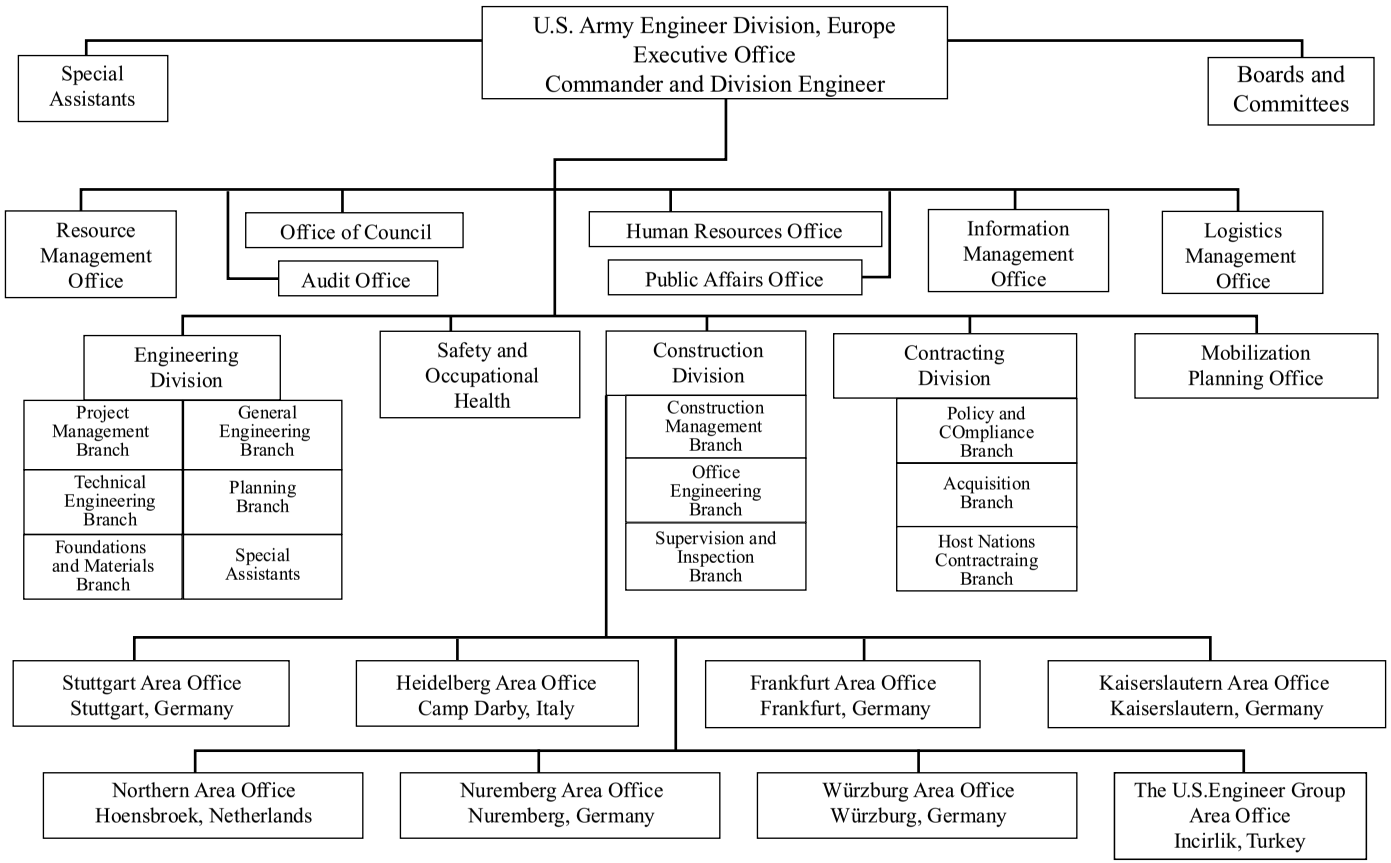
Prelude to Change

Brig. Gen. Ernest J. Harrell arrived as division engineer and commander of the Europe Division on 18 July 1988, having served most recently as commander of the Ohio River Division. He had previously commanded the 2d Engineer Group in Yong San, Korea; led engineer units in Okinawa, Thailand, and Vietnam from 1965 to 1968; and commanded the 43d Engineer Group at Fort Benning, Georgia. From 1961 to 1964 Harrell had been a platoon leader and company commander in an engineer battalion at Nelligen Barracks in West Germany. Born in Selma, Alabama, and a graduate of Tuskegee Institute, Harrell was one of the few African American general officers in the Corps of Engineers.[4]

At his first staff meeting, General Harrell praised EUD's reputation and assured division personnel that he would not be "making changes for change's sake."[5] He emphasized the division's connectedness to the military commands. He liked to visit EUD's customers in the military communities, welcomed opportunities to mix with the soldiers, and often went to training exercises in the field.[6] General Harrell also expressed his dissatisfaction that as EUD commander he commanded only the executive staff. He was concerned that not all the area engineers were military officers and that they reported to the chief of construction rather than to him directly.[7] (*Chart 14*)

Several of General Harrell's actions in the early months of his tour prompted the staff to suspect that he had come with a charge to get

Chart 14: Organization of the Europe Division, February 1989



the division more in tune with the rules and procedures of Headquarters, USACE. One of the division's deputies characterized the impetus as directed "to get things back in line, [so that EUD would] act more like a division under USACE instead of a lone wolf."[8] Staff members were disappointed that he did not embrace EQM (EUD Quality Management), the Total Quality Management program General Ray had initiated. In an early policy letter to the staff, Harrell reminded employees to use government quarters on division travel whenever possible, "to be sure that each of our many customers recognize EUD … as a prudent and reliable steward of the nation's resources."[9] A subsequent policy letter mandated that the Logistics Management Office make no travel arrangements for commercial flights to the United States without first attempting to book travel through the less expensive Military Air Command.[10] In February 1989 General Harrell reported to the chief of engineers, Lt. Gen. Henry J. Hatch, Jr., that the division had established a formal command inspection program to assess the division's compliance with regulations, the effectiveness of established procedures and management practices, and the adequacy of internal controls.[11]

General Harrell

Emphasizing Affirmative Action

Affirmative action and equal employment opportunity (EEO) were of particular concern to General Harrell, and he repeatedly expressed his commitment to extending opportunities for minorities and women in the Army, in the Corps, and at EUD.[12] In 1988 the division had few women or African Americans in any grade higher than a GS–12 and no Germans or third-country nationals in supervisory positions.[13] In forums with women employees, through his commander's suggestion box, and in general conversation, Harrell raised the issue of affirmative action and questioned appointments and promotions. He met with groups such as Federally Employed Women, Women in Science and Engineering, and Supervisors Equal Opportunity Liaison, and he encouraged all personnel to talk with him about their concerns.[14]

Affirmative action efforts in the Europe Division dated to the establishment of the division, but the first full-time equal employment officer,

Joanne "Jodie" Close, did not arrive until mid-1984. Close had the full support of the Europe Division commander, Brig. Gen. Scott B. Smith, and attended senior staff meetings, participated in recruitment and personnel actions, and traveled to area offices.[15] When her employment contract came up for extension, the division advertised the position and selected Laverne Love, an African American woman with more than twenty years of experience in the federal government, including several years in the Ohio River Division. Love arrived in Frankfurt in early May 1989.[16]

General Harrell's concerns about improving employment opportunities extended to German and third-country national employees. Although these workers had held supervisory positions such as branch chief in the Engineer Command, regulations kept them out of such positions after the Corps established EUD in 1974, a situation which rankled many of them.[17] During his tour as division engineer, Brig. Gen. Drake Wilson had advocated dual recruitment, by which selected higher-grade and managerial positions would be open to all employees, regardless of nationality; in 1980 the division promoted three German engineers to C–10 positions (equivalent to GS–13).[18] Subsequent commanders emphasized recruiting American civilians as the workforce grew. Although the Works Council chairman, Hasso Damm, reported in 1987 that General Ray supported dual recruitment, a year later Damm stated flatly, "The program has died."[19] General Harrell, informed by Damm of ongoing frustration on the part of German employees, saw this as an issue of affirmative action. On 31 March 1989, he circulated a policy letter endorsing dual recruitment: "In those instances where high grade positions (GS–11 and C–7 and above) can be filled by a member of either workforce, I want selecting officials to conduct dual recruitment."[20] During the next year the division advertised almost ninety positions for dual recruitment.[21]

In the spring of 1989 General Harrell had another opportunity to underscore his commitment to affirmative action. A selection committee forwarded five names to him with a recommendation for the position as chief of the Information Management Office, a GM–15 slot. Skeptical that the committee had applied affirmative action guidelines, Harrell reviewed all the candidates, the selection criteria, and the selection procedure. He then selected Virginia Conway, another of the top three candidates. Conway had a strong technical background, extensive management experience, and experience working in Europe; she arrived in Frankfurt on 2 August 1989.[22]

When the new affirmative action officer, Laverne Love, took up her duties at EUD, she found numerous EEO complaints that had never received action. She set out to resolve the complaints, institute adherence to the law, and raise the visibility of her office. To reinforce Love's efforts, and in light of his experience with the selection of Conway, General Harrell issued a policy letter that addressed both equal employment opportunity and prevention of sexual harassment. In the 28 August 1989

letter, Harrell pledged that EUD would "establish and implement a division-wide Affirmative Employment Plan which will be integrated into every element of our staffing process."[23]

Currents of Change

In July 1988, at the time that General Harrell arrived, the Europe Division was a busy and vigorous organization. Construction placement in 1987 had been $527 million and was expected to top $557 million in fiscal year 1988. Scores of designs were on drawing boards; personnel numbered more than 1,150; and morale was high. At an open staff meeting in mid-October, the new commander predicted that construction and project design and contract awards would continue at similar levels:

> What can we expect from this next fiscal year that has just begun? … Our bottom line expectations are to award between $650 and $700 million in contracts.… We anticipate placing about $530 million in construction this year. So for both construction and project design and contract award, the numbers should be similar to what we experienced this year. This solid foundation for our programs should extend over the next several years.[24]

Despite EUD's vigorous program, changes were occurring in the environment in which the division operated. In early 1987 General Ray had identified four factors that, he said, put EUD "on notice" as an organization. First, the Gramm-Rudman amendment to the 1986 federal budget mandated a reduction in the budget deficit. Second, reductions in the value of the dollar meant reduced buying power in Europe. Third, a directive from President Ronald Reagan ordered that all federal agencies become 20 percent more productive by 1992. Fourth, new Department of Defense regulations allowed installations to choose where they would obtain design and construction management services. General Ray responded to these pressures with a multiphase effort to make the division a more efficient, more productive, and more attractive organization by improving service to customers and increasing customer satisfaction.[25]

Ray's efforts did nothing to stem the tide of events in the United States and abroad that portended change so profound that EUD would not be able to adjust simply by making the organization operate more efficiently. In December 1987 President Reagan and Premier Mikhail Gorbachev signed the Intermediate-Range Nuclear Forces Treaty, the first genuine disarmament treaty of the nuclear era.[26] The treaty provided that the United States withdraw the Pershing II and Cruise missiles that EUD was installing. The budget Congress passed for fiscal year 1989 (beginning 1 October 1988) included only $78 billion for the Army, a total that forced the service to reduce the number of both military personnel and civilian employees.[27] In December 1988, in a speech before the United Nations, Gorbachev reinforced the impetus for change by announcing that the

Soviet Union would begin unilateral demobilization of 500,000 Red Army troops and 10,000 tanks.[28]

In February 1989, a few weeks after Gorbachev's announcement on demobilization, EUD's executive staff held a three-day conference to assess the division's future and the implications of these changes. General Harrell reviewed the changing geopolitical environment. He noted that the division had more than $100 million in projects not yet approved by the German government because of environmental concerns. At the same time, American and Soviet diplomats were pursuing negotiations on conventional forces that might produce a drastic reduction in the number of U.S. forces in Europe. Finally, Harrell gave his own assessment that, given the substantial improvements in facilities since his tour in the early 1960s, there were no large projects left to pursue.[29] In total, EUD's leaders had to look carefully at the division if the organization were to remain viable.

One prospective change in the division emanated from Corps headquarters: The chief of engineers, General Hatch, was committed to implementing lifecycle project management, a management approach the Army's civilian leadership favored.[30] The concept of using a single project manager to follow a project from "cradle-to-grave" had been discussed in EUD for several years. In a letter of 11 February 1983 to the chief of engineers, Lt. Gen. Joseph K. Bratton, the Europe Division commander, Brig. Gen. George K. Withers, Jr., had noted that the lack of coordination between the Engineering Division and the Construction Division resulted in delays and reduced efficiency. Withers acknowledged that an organizational change might be necessary, but he was not "at the moment ready to embrace the Project Management Division Concept."[31] A panel on construction quality convened by headquarters in 1983 reported that the problems of passing projects from the Engineering Division to the Construction Division at EUD were similar to those experienced elsewhere in the Corps, though perhaps a little bit more intense.[32] The organizational study conducted by the Engineer Studies Center in April 1985 pointed out the duplication of project managers, funds management, and technical engineering elements in the Engineering and Construction Divisions.[33]

In January 1987 EUD addressed the issue of project management directly when senior managers devised an organizational plan to carry the division to 1992. The plan acknowledged implicitly the persistent difficulty in the turnover of a project from design to construction, a cause of dissatisfaction among both employees and customers for years.[34] The plan called for a major reorganization of EUD, creating the position of chief of program management, and adopting cradle-to-grave project management.[35] A task force chaired by the deputy division engineer prepared a concept paper with a new organizational structure. General Ray, however, chose not to reorganize because he wanted EQM firmly established before undertaking a structural change that would disrupt the design and construction program.[36] In contrast, General Harrell appeared eager to reorganize to implement life-cycle project management.[37]

In the summer of 1989 General Harrell obtained a copy of the 1987 concept paper on the reorganization.[38] In October he assembled a staff task force and named his deputies, Cols. John Moravec and Daniel Waldo, Jr., as cochairs.[39] In November the task force proposed a Program and Project Management Directorate comprised of project managers from the existing Engineering and Construction Divisions, as well as an Engineering and Construction Directorate that would include the supervision and inspection function from the Construction Division and the Technical Engineering Branch from the Engineering Division. The reorganization would create a Contracting Directorate in which contract specialists would handle all contracting negotiations. Only preselection and selection of architect-engineers for direct design would remain in the Engineering Division. The plan redistributed some other functions and changed the name of divisions to directorates and of branches to divisions.

General Harrell requested approval for the reorganization from Headquarters, USACE. He asked Joe G. Higgs to head the Program and Project Management Directorate and John Blake to head the Engineering and Construction Directorate.[40] Work groups began developing a detailed table of distribution and allowances (TDA) to assign personnel spaces to the new structure. A Corps-wide directive from General Hatch, issued 21 December 1989, mandated maintaining separate Engineering and Construction Divisions; and EUD staff learned informally that the senior civilians in Washington opposed their plan.[41]

Political Revolution in Europe

While General Harrell and the EUD staff planned the reorganization of the division, revolution swept over the political landscape of Europe. Remarkable for its limited bloodshed, the turn of events was the most profound and far-reaching evolution on the continent since the end of World War II.

In December 1988 Premier Gorbachev pledged unilateral demobilization. On 25 April 1989, he announced that the Soviet Union would begin removing 1,000 Red Army tanks from Hungary.[42] On 2 May the Hungarian government began to dismantle the barbed-wire fencing and other barriers along its border with Austria. Removing these obstacles in effect opened the border between East and West for the first time since the Berlin Wall went up in 1961. East Germans, who had a right to citizenship in West Germany under the terms of the constitution of the Federal Republic, could suddenly move through Czechoslovakia and Hungary to Austria and into West Germany.

In July, in an appearance at the Council of Europe in Strasbourg, France, Gorbachev indicated that he was prepared to go even farther with arms reduction if the members of the North Atlantic Treaty Organization (NATO) would cooperate. He also signaled that the Soviet Union would not intervene to stop the political ferment in Hungary and Poland. The next day, at the annual meeting of the Warsaw Pact nations, Gorbachev

called for "independent solutions of national problems" within the Eastern Bloc.

As the summer of 1989 advanced, a trickle—and then a torrent—of East Germans began to emigrate to West Germany. On 19 August more than 900 East German "vacationers" in Hungary succeeded in fleeing into Austria during a picnic held near the Austro-Hungarian border. On 10 September the Hungarian government announced that it would no longer keep East German citizens from traveling through Hungary to Austria.[43] The East German government responded by rescinding travel rights to Hungary for its citizens. Within the next thirty-six hours 10,500 East Germans fled into Austria. Other East Germans sought asylum in West German missions in Eastern Bloc countries. On 30 September the 5,500 East Germans who sought asylum on the grounds of the West German embassy in Prague, Czechoslovakia, received permission from the East German regime to pass into the Federal Republic. By 2 October over 30,000 had fled to the West from Hungary.

During the first week in October, East German citizens demonstrated in East Berlin, Dresden, and Leipzig against their Communist-controlled government. The security police attacked the demonstrators and broke up the crowds, but the effect was only temporary. On 10 October a crowd of 50,000 East Germans took to the streets in Leipzig. On 11 October the East German Politburo met and announced its willingness to discuss reforms. The demonstrations continued: 100,000 protestors marched in Leipzig on 16 October, while another 30,000 marched in Dresden. On 18 October the East German Politburo announced the retirement of Erich Honecker and named Egon Krenz, chief of security police, as his successor. The demonstrations increased. On 23 October more than 200,000 people marched in Leipzig; three days later 100,000 protested in Dresden. Similar crowds appeared again in Leipzig on 30 October.

Between 2 and 9 November 1989, over 50,000 East Germans fled to the West. On 9 November, faced with massive defections it could not contain and street protests it dared not suppress, the East German government announced that it would grant immediate exit visas to all who requested them and opened all border points with West Germany, even the Berlin Wall. On that night, television images beamed around the world showed young Germans dancing and drinking on the top of the Berlin Wall that had symbolized since 1961 the partition of Germany and Europe between the Communist East and the democratic West.

The Iron Curtain had been irrevocably breached. Within weeks the Communist parties lost control in Hungary, Poland, Bulgaria, Czechoslovakia, East Germany, and Rumania. Through all these changes, the Soviet Union refrained from intervening to maintain control of Eastern Europe. The postwar order had shattered abruptly.

Had the Cold War also ended? For American policymakers and for U.S. forces in Europe this became the key question. Was the Soviet Army still a menace? Surely, Eastern Europe experienced a revolution that no one had anticipated, but its very unexpectedness opened endless pos-

sibilities for speculation about what the coming months and years might bring. The Warsaw Pact had virtually dissolved by the end of 1989, but the Soviet Army still maintained substantial forces in East Germany. If Soviet forces withdrew, what would be the fate of U.S. and other NATO forces? The answers to these monumental questions would condition every decision made within the U.S. Army, Europe, and U.S. Air Forces in Europe after November 1989. Meanwhile, because no one could answer any of these questions, EUD operations continued.

EUD and the European Revolution

At the end of September 1989, with political turmoil in Europe evident but the outcome unclear, EUD had authorizations for 1,031 positions and staff on board numbered 1,011. This represented a reduction of about 10 percent from the authorized level of 1,151 the year before. The budget for fiscal year 1990, which projected a slight reduction in military construction in Europe, would produce income for EUD sufficient to support 941 positions. This meant that the division needed to reexamine its field organization (*Map 30*) and reduce its workforce by 70 positions before 30 September 1990. The division expected to accomplish the reduction by attrition, that is, by not filling vacancies. In his "Commander's Comment" column in the October 1989 issue of the *Corps' Line*, General Harrell wrote: "Maybe we've seen the last $500 million-plus construction year, I don't know. However, if our program is indeed on the downside, I'm still expecting a 'soft landing' that projects a gradual rather than precipitous decline in our workload."[44]

Before the *Corps' Line* printed this column the Berlin Wall opened. During November and December 1989 the leadership of the Europe Division made plans to implement the reorganization to lifecycle project management (not yet approved by USACE), to initiate cost-savings measures, and to reduce the number of staff.[45]

In December Harrell spoke of a "transitional period at EUD" and the "challenges of the new year."[46] In the January 1990 *Corps' Line*, he wrote:

> There are momentous changes in the East that many of us would never have guessed were possible. The ramifications are uncertain and the immediate future is still a little hazy as the military experts and political leaders determine in what direction we are going. I would be off base if I said that those decisions won't affect us. Time will tell. It may be some years down the road or not at all.[47]

At a meeting of all staff on 11 January 1990, Harrell quoted Napoleon, who in 1802 during a brief respite in the wars that surrounded the French Revolution had announced, "Peace has been declared." Harrell affirmed that EUD's mission of managing construction in Europe remained unchanged. He also reminded staff that the division's funds came from fees charged for work performed and early projections indi-

Map 30

cated that the division did not have the resources to support 941 positions. Harrell acknowledged that a formal reduction in force (RIF) for American civilian employees might be required if indeed the declared peace held.[48]

Manpower Reduction

The division could not reduce the workforce of German and third-country employees in the same way that it could deal with American civilians. Tariff agreements between the Federal Republic and USAREUR governed all aspects of their employment, and the Termination Protection Law regulated any reduction in force.[49] The Works Council, elected under the authority of the tariff agreements, existed to ensure that EUD observed all applicable laws and regulations. The council and management cooperated for the benefit of employees, and management consulted with the council, particularly with the chairman, Hasso Damm.[50] Harrell respected Damm both personally and professionally and included him in many meetings on the proposed reorganization and possible reductions.[51]

Damm, who had worked for the U.S. Army in military construction since 1956, sensed that the organization was shrinking even before the Berlin Wall was breached. In August 1989 he projected that the German and third-country workforce would have to be reduced from the 1988 level of 325 to around 250. Following his intuition, he encouraged employees to take any opportunity that arose outside the Europe Division; by October 1989 the number of local national employees had fallen to 289.[52]

On 11 January 1990, as Harrell briefed EUD personnel, Secretary of Defense Richard B. Cheney announced a hiring freeze throughout the Department of Defense. This freeze complicated the division's efforts to reduce staff by attrition, because people who wanted to return to the United States could not be hired by any agency in the Department of Defense.

Because of the hiring freeze, General Harrell accelerated the tempo of management action within EUD. The division sharply curtailed training and temporary duty, eliminated overtime, froze purchases of dataprocessing equipment, and terminated nonessential temporary employees.[53] The Office of Human Resources began working with USAREUR's Civilian Personnel Office (CPO) to develop placement and furlough programs. Managers were asked to propose early retirement for employees, to encourage American employees to return to their jobs in stateside districts, to freeze hiring, and to encourage job sharing. They were also told to consult counsel's office, the EEO Office, and the Works Council before taking any action. To keep employees informed about fast-paced developments, the division instituted a one-page temporary employee newsletter scheduled for release twice a month; the first issue appeared on 26 January 1990.[54]

On 24 January 1990, Secretary Cheney announced a moratorium on new construction under the budget for Military Construction, Army, in light of pending changes in troop strength and possible closure of military bases. The freeze was to continue until 30 April. Initially, it was unclear what effect, if any, the three-month moratorium would have on EUD's plan to reorganize, on its budget, or on the projection of positions EUD could afford for the next fiscal year. In retrospect, Harrell described

the impact of the freeze on the division's workload as "like sticking a pin in a balloon."[55]

In early February, in an effort to help the division reduce manpower, Harrell requested permission from Headquarters, USACE, for three actions: (1) conduct a RIF of 100 American employees from federal service; (2) furlough American civilians for two days per month from March until the end of the fiscal year (or to implement a continuous furlough of not more than thirty days per person); and (3) offer early retirement to an estimated forty American employees. Harrell argued for these actions by saying, "It seems totally inconsistent that we tell this loyal and committed group of employees that their reward for successfully achieving U.S. and free world objectives is a RIF notice."[56]

A formal reduction in force affecting civil service employees is a complex personnel action governed by law and regulation. For any RIF involving more than fifty people, EUD needed approval from both USACE and the Department of the Army. According to the agreement signed in 1974 between USAREUR and the chief of engineers, the division had to work through USAREUR's CPO in Frankfurt to conduct a RIF.[57]

To encourage voluntary departures among the German and third-country national employees, Hasso Damm favored offering a buyout option. This involved a cash settlement that would support the worker from early retirement to the date when the German social security system would begin payments; the buyout was a common practice in the Germany economy. General Harrell accepted Damm's proposal that the Europe Division conduct a buyout using the authority of a relatively recent special USAREUR initiative that gave individual commanders discretion to decide issues up to Deutschmark 50,000 in labor cases (about $30,000).[58] In February 1990 Damm and others began advising the employees nearing retirement age of the buyout option. In line with prior settlements awarded by the German labor court in Frankfurt, EUD offered the German and third-country employees one-half month of salary per year of employment. The division chose not to put the offer in writing because of the legal implications of such an offer for future settlements. The commander reserved the right to deny any specific request to leave. About twenty-two people took this option before USAREUR stopped the program in June 1990, fearing a precedent should the entire European command face a RIF.[59]

To calculate the division's income, the Resource Management Office tried to project workload for the coming fiscal year. After the Department of Defense announced the moratorium on military construction on 24 January, the major commands and agencies such as the Army and Air Force Exchange Service and the Troop Support Agency began reviewing their construction projects, particularly in Europe. EUD customers canceled projects with increasing frequency.

As projections of workload and income decreased, the number of people that the division could support for the year beginning 1 October 1990 also declined. On 11 January Harrell reported 941 as the EUD target

number for employees. A month later, when the meeting was reported in the *Corps' Line*, the writer inserted a parenthetical addition: "(At last word, EUD officials estimated a year-end manpower strength of 865.)"[60] At the staff meeting on 1 March, Harrell emphasized that the decline in work for EUD was "not a temporary situation" and projected 857 staff positions for the division.[61] By 31 March the number of personnel in the division had dropped to 959, but the number that managers thought EUD could support in the coming fiscal year had fallen to 689. This meant a further reduction of 270 people in addition to the 52 employees who had recently left. Managers trying to cope with the changing numbers began to feel that "long-term planning is one week."[62]

While the Resource Management Office tried to project workload, income, and affordable staff strength for the coming fiscal year, the division's leaders argued over the allocation of positions in a new, smaller structure that incorporated lifecycle project management.[63] When division chiefs argued why they could not reduce instead of submitting plans for fewer positions, General Harrell reacted angrily. Thereafter, he personally decided how many positions would be assigned to each division rather than giving that task to the division chiefs.[64]

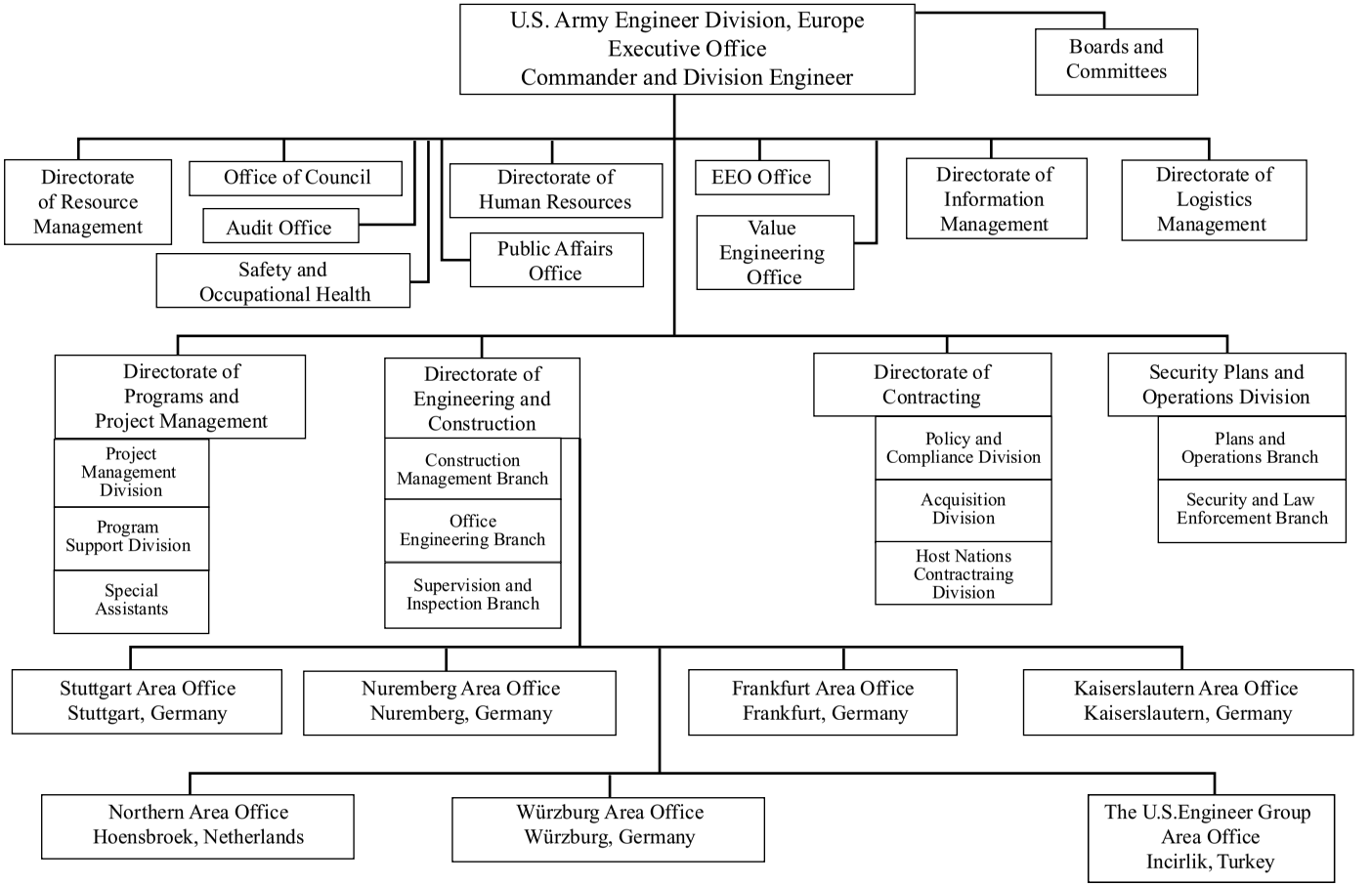
Reorganization Approved

In the last week of March 1990 the chief of engineers, General Hatch, traveled to Frankfurt with a team from Headquarters, USACE, for Focus '90, a headquarters briefing on the themes of environment and partnerships.[65] Just before the briefing, Hatch gave Harrell a memo approving the reorganization that EUD had requested three months earlier.[66] Harrell targeted April to implement the new organizational structure. (*Chart 15*) Some staff objected to the timing of the reorganization, but Harrell held firm. He argued that General Hatch had mandated implementation of lifecycle project management and that the new organization would be more efficient.[67]

The convergence of the reorganization and the need to reduce personnel complicated the division's situation. Using the latest available figures on affordable manpower, a new structure was built on an allocation of 689. In a memo to Hatch dated 5 April, General Harrell emphasized the need to RIF American civilians to reduce staff to 689 by 1 October.[68] To conduct a RIF, however, EUD needed an approved organizational structure.[69] Employees tried to determine where—or whether—their positions would be located in the new structure and how they would be affected in a RIF action; but without an official, approved allocation, that was impossible.

On 12 April 1990, the Department of Defense lifted the internal part of its worldwide hiring freeze, and eligible EUD employees could register for priority placement into open positions within the department.[70] At the end of April Secretary Cheney extended the moratorium on new construction in Europe to 15 June, causing EUD customers to cancel more projects

Chart 15: Organization of the Europe Division, May 1990



and further reducing anticipated income for the division. On 15 May, five weeks after he requested it, General Harrell received authorization to implement a RIF of U.S. civilian employees.[71] Approval had been slow in coming. The threat of widespread elimination of Corps positions in the United States had produced political pressures, and the Army commands had to seek permission from the Secretary of the Army for any RIF that involved more than fifty people.[72]

The announcement that EUD would conduct a formal reduction in force increased uncertainty and anxiety among the staff. U.S. laws and regulations governing a RIF had been developed in the 1940s. Although revised over the years to increase the protection for employees with good performance appraisals, no revisions had been made to take into consideration any aspect of EEO programs; only veterans received preferential treatment. Because RIF rules stated that the last hired would be released first, the impact was especially hard on minorities and women. No one had any experience implementing a RIF on as large a scale as EUD needed, nor had one been implemented outside the United States.[73]

To prepare for the RIF at the Europe Division, Michael Vajda from the Frankfurt Civilian Personnel Office worked closely with the chief of human resources, Irv Scherman, EEO Officer Laverne Love, General Harrell, and Colonel Waldo.[74] They set up briefings, seminars, and counseling sessions for staff to explain the procedures and to inform them of their rights.[75] Notices were mailed to 162 EUD employees on 10 July; 84 persons were told they would be separated as of 22 September and the rest were offered reassignment at the same or lower grades. The division abolished a total of 128 jobs.[76]

This RIF did not include the German and third-country employees. By attrition the number of these employees had dropped from 289 in October 1989 to 272 on 28 February 1990.[77] It was clear that deeper cuts would be required, and on 22 March General Harrell asked the commander in chief of USAREUR, General Crosbie E. Saint, for authority to reduce the number of German and third-country employees. On advice from Hasso Damm, Harrell also requested a formal determination from the commander in chief that the action was based on military necessity, that is, troop relocation or withdrawal.[78]

In early April Damm called USAREUR for clarification of the termination process.[79] German law provides that the employer can terminate for operational reasons but he must weigh the employee's "social factors," including position, grade, age, health, financial obligation (indebtedness), and distance to travel for a new position.[80] A termination of significant impact (that is, a large reduction in force) requires that the German Labor Office be notified. Damm pressed for concurrence by USAREUR that termination would be for military necessity. USAREUR agreed, and the German Federal Ministry of Finance concurred. Under these conditions the Tariff Agreement for Social Security could cover the terminations.[81] Signed by USAREUR in 1971, this agreement provided that, for employees over forty years of age who had been employed more than ten years,

the Federal Republic would pay the difference between the salary of the terminated position and any other employment for which the employee received less money.[82]

The EUD Works Council had to approve the proposed termination of each employee. If the Works Council disapproved, the division commander could refer the case to the USAREUR Works Council, which would review the case and decide whether to approve the termination.[83] The agreements and laws did not set forth procedures for implementing a major termination, and USAREUR did not move quickly to establish them.[84]

Seeking Relief

The moratorium on new construction in Europe that Secretary Cheney imposed in January 1990 and extended to 15 June was a temporary emergency measure to meet the changing strategic situation as the Soviet system in Eastern Europe collapsed. By summer it was clear that the Soviet Union was collapsing internally as well. On 21 June Cheney recommended that Congress take more permanent action and cancel sixty-eight military construction projects and withdraw more than $327 million in funds already appropriated to pay for them. Congress agreed to cancel sixty-five of the sixty-eight projects.[85]

Although the Europe Division had a $491 million construction program in fiscal year 1990, the cancellation of funding for proposed projects further clouded EUD's future; General Harrell sought budgetary relief.[86] The division had built a staff to support the military mission in Europe; it was not just an EUD problem that the mission had changed and projects were canceled. He wanted the Army and the Department of Defense to recognize it as "our problem." Specifically, he wanted the agencies that canceled projects to share the cost with EUD by making payments from funds already appropriated. This type of payment—in effect a penalty payment for breaking the contract—is accepted practice in the private sector when a project is canceled. Harrell's argument did not win support in Washington; only one of EUD's customers, the Community Family Support Center, agreed to fund a phase-out of construction contracts for projects they terminated.[87]

The division engineer also pressed Headquarters, USACE, to allow him to develop a budget using projected income from all sources and fixed costs to calculate the number of positions the division could afford. Customarily, Corps headquarters allocates personnel positions to each division from a computer model that calculates personnel needs based on projected design and construction placement. Harrell argued with John Wallace, chief of resource management in headquarters, that EUD did not fit the USACE model because the computer program did not include all the division's customers. He also objected to the practice of subtracting 15 percent from the model's allocation because EUD used indirect contracting. Harrell had argued before the financial crunch for a change in EUD

allocation of personnel positions; in the spring of 1990 he finally received approval for his budget.[88]

The division sought to cut costs in several ways. In August 1990 the division vacated leased office space in the Dornbusch area of Frankfurt. Without funds for a moving van, employees literally moved their own things in private vehicles.[89] The division also gave up the lease on the warehouse and offices in the Frankfurt suburb of Bonames. The Frankfurt Area Office planned to move into the Phillips Building (division headquarters) as space became available.

EUD's budget situation worsened as customers canceled projects. On 17 July 1990, one week after RIF notices were mailed, EUD had 848 employees on staff with a projection of 710 as of 30 September. Despite the self-imposed budget restraints and the RIF, it was apparent that the division would be $7.4 million short by the end of the fiscal year and that it could not support even 689 positions in the coming year. Discussions continued between division and headquarters staff about probable income and the number of affordable personnel for the coming year. The division recalculated the number of positions it could afford as 535.[90]

In late July a team from headquarters led by the deputy chief of engineers, Maj. Gen. Richard S. Kem, met with division leaders in Frankfurt. The Europe Division briefing for that visit included a review of recent events, decisions, and actions; detailed projections of income for the coming year; the division's plan to reduce staff to 535; and an explanation of why EUD was running a deficit.[91] General Kem and John Wallace agreed to provide supplemental funding of $7.342 million to cover the deficit in the current fiscal year.[92] EUD and headquarters agreed that headquarters would fund a "wedge": the cost of the difference between the number of people on staff at the beginning of fiscal year 1991 and the number thought to be affordable for the whole year, based on workload.[93]

Working from the agreements reached during these meetings, Harrell distributed a memo, dated 24 July 1990, to division leaders with a timetable of actions, dates for completion, and assigned responsibility.[94] To speed the reduction in personnel, on 6 August Harrell instituted a "no extension" policy for U.S. civilian employees; the next day he officially asked Corps headquarters for authority to conduct a second RIF.[95] Even without clarification of procedures from USAREUR, EUD also made plans to proceed with a termination of German and third-country employees, pending Works Council approval of an overall organization of 535.[96]

Despite the agreements Harrell thought he had reached during General Kem's July visit, communiqués from headquarters staff in the following weeks questioned, challenged, or contradicted EUD plans. Harrell was particularly disturbed to receive drastically revised projections of affordable EUD manpower for fiscal years 1991 and 1992: 330 and 200, respectively. His letter of 13 August to the chief of engineers, General Hatch, questioned the revised manpower projections, requested clarification on the number of positions at EUD that headquarters would fund, and noted that the staffing levels of 330 and

200 would not support either a general officer or two Senior Executive Service (SES) positions.[97]

In another effort to plan the future for the Europe Division, General Harrell suggested a merger between EUD and the Corps' Middle East/Africa Projects Office (MEAPO), a district-level element of the South Atlantic Division. From headquarters in Winchester, Virginia, MEAPO managed U.S. military construction throughout the Middle East and in Africa. Harrell thought that the missions of EUD and MEAPO were compatible and that consolidation would produce more efficient organizations. General Hatch approved a small task force with people from both organizations to consider this suggestion. Maj. Gen. John Sobke, commander of the South Atlantic Division, proposed an alternate plan: Consolidate EUD and MEAPO under his organization.[98]

The pressures on the Europe Division increased. General Hatch imposed a hiring freeze for all military-funded positions in the Corps of Engineers as of 20 August, making it more difficult for employees in Europe to return to Corps positions in the States.[99] At a staff meeting on 29 August, General Harrell announced that Headquarters, USACE, had ordered the division to reduce its staff strength to match its budget by 1 October 1991. In line with that requirement and the projection of $247 million in construction placement for fiscal year 1991, the division would have to develop a structure for 330–410 people.[100]

Harrell also reported on the possibility of the merger of EUD and MEAPO, but events in the Middle East had already intervened. On 2 August Iraq invaded Kuwait. Kuwait's neighbor, Saudi Arabia, the United States, and the NATO allies feared an invasion of Saudi Arabia. Backed by a United Nations Security Council resolution, on 7 August the United States and its allies launched Operation Desert Shield. Worldwide military attention shifted from the political changes in Europe to the liberation of Kuwait and the protection of Saudi Arabia.[101]

Steps toward Stability

During September and into October discussions continued between headquarters and EUD over how to project the division's income for fiscal year 1991, how to calculate the affordable workforce, and how much in supplemental funding EUD would require. The Resource Management Office in Frankfurt sent to headquarters briefings and plans for matching the workforce to budget by 1 October 1991; headquarters sent back counterproposals.[102] On 10 August Maj. Gen. C. Ernest Edgar III replaced General Kem as deputy chief of engineers, altering the working relationship established at the July meeting in Frankfurt. A message from General Edgar on 5 October informed General Harrell that his plans to draw down the division represented "too slow a ramp." EUD should be prepared to issue a second round of RIF notices by 15 November. A faster reduction in staff would of course reduce the wedge funding that USACE would have to provide.[103] Harrell found the message "troubling," and his response to Edgar concluded:

> These are the procedures (rules) I thought we had agreed to. We can't manage both ways (manage to budget and end strength). If the rules have changed or there are understandings different than explained, please advise.… We will do as you direct. However, if allowed to manage as described above, we can accomplish the drawdown with less pain.[104]

The USACE outplacement program, Defense Department priority placement, voluntary departures, and the first RIF of U.S. civilians had some success. As of 30 September 1990, EUD manpower had dropped to 663; by 10 October the workforce numbered 625.[105] Using income projections acceptable to headquarters, Harrell proposed an organization of 218 as of 1 October 1991. At this point EUD would match workforce to budget for the first time since October 1989, just before the fall of the Berlin Wall.[106] Achieving the 218 level required a second RIF of U.S. civilians and a reduction in the number of German and third-country employees. Harrell proposed to go to a 50:50 ratio between the two categories of employees, a change from the ratio of 70:30 (Americans to Germans) that had prevailed only a year earlier.[107] Without any information to the contrary, Harrell planned for a stand-alone division.[108]

In late October General Harrell, Hasso Damm, and the EUD human resources director, Irv Scherman, went to Washington. Harrell presented plans for the organization of 218 with the 50:50 ratio of American and German employees, a more gradual timeline for the reductions in force, and agreement that headquarters would pay his division's excess labor costs for 1990 and provide the wedge funding needed for 1991. He received the approvals and support he sought.[109] The proposed organization did not include either a general officer or an SES position.

Scherman and Damm pressed USAREUR on the issue of cutting local national employees. USAREUR assigned responsibility to its CPO in Frankfurt, but this office had jurisdiction only over a very limited geographic area in Germany and not over employees in the area, resident, and project offices. Because each personnel office operated independently within a designated geographic area, it was not clear how the Frankfurt office alone could implement the RIF. In the face of this impasse, Scherman suggested that EUD try to bring together all the offices involved.

While Scherman and Damm were working with USAREUR to figure out how to terminate the local nationals, other managers within EUD were working to identify positions to cut. The experience of Virginia Conway as chief of the Information Management Office (IMO) typified the challenge that managers faced. When Conway arrived in August 1989, she found a staff of 59 and plans to increase to 70. Within weeks she was told to cut her budget and *eliminate* 11 positions. She handled that cut by not extending the employment contracts of Department of Army civilians up for renewal. In the plan for the first RIF in the spring of 1990, Conway had a target of 36 staff; the office had 37 on board, and Conway

made a case for keeping the additional person. Then 2 people left voluntarily. When she had to cut staff to 22 people, she drew a line through her own name on the organizational chart because the smaller office did not require a GM–15 manager. The organization plan for 218 people assigned only 11 positions to IMO, and 5 would be German employees.[110]

People throughout the organization who could see that their positions would be cut made plans. Anticipating his own departure, General Harrell designated his deputy, Colonel Waldo, as commander. Waldo had been intimately involved in planning for the reorganization, preparing briefings, and pulling elements of the staff together on personnel reduction. As deputy commander, he had an overview of the organization and "the trust of the people." Harrell worked closely with him on the transition.[111] Several division chiefs departed, and others started looking for new positions. In early November 1990 Joe Higgs, chief of engineering, received an offer to become chief of engineering and planning in the Ohio River Division; John Blake, chief of construction, became chief of construction in the South Atlantic Division.[112]

Outside EUD, decisions were made that affected the organization. Days before the freeze on construction projects was to expire on 15 November 1990, Secretary of Defense Cheney extended it; no contracts financed by military construction appropriations could be awarded before 16 April 1991.[113] On 3 December 1990, General Hatch announced that EUD and MEAPO would be assigned to the South Atlantic Division. Within weeks headquarters announced that the Europe Division would become the Europe District, reporting to a new operating division, the Transatlantic Division, with headquarters in Winchester, Virginia. The Kuwaiti Emergency Recovery Office and other Corps offices in the Middle East would also be under the Transatlantic Division, which would report to the South Atlantic Division.[114]

In mid-December a team made up of Ken Griggs of the South Atlantic Division, A. O. "Ollie" Werner of MEAPO, and Louis Brettschneider of EUD began meeting with division chiefs in Frankfurt to discuss the transition. Their tasks included defining the district's workload and preparing a revised structure without positions devoted to division-level management tasks.[115] The Europe District would be activated on 1 March 1991 with Colonel Waldo as district commander.[116]

It was not until 20–21 January 1991, one year after Cheney imposed the freeze of military construction in Europe, that Scherman, Damm, and staff from the EUD Human Resources Office and from USAREUR met in Garmisch, Germany, with officials from almost twenty civilian personnel offices to plan the reduction in force of non-American employees. Using information from EUD, the group identified specific employees whose positions would be abolished and calculated their dates of notification.

By German law the terminations had to take effect at the end of a fiscal quarter (31 March, 30 June, 30 September, or 31 December). Employees with less than 5 years' service had to be notified 6 weeks before the end of the quarter. After 5 years of employment, employees received notice

3 months before the end of the quarter; after 8 years, 4 months' notice; and after 10 years, 5 months. The maximum notification was 6 months. It was finally clear that the earliest termination notices, for the local nationals employed less than 5 years, would go out 15 February—that is, six weeks before the end of March. Most of the employees to be terminated had been employed more than 12 years; their terminations could not take effect until the end of September 1991.[117]

Changes in the Field

Planning was done in division headquarters in Frankfurt, but it was in the field offices that employees felt the cessation of projects and the falloff of the workload. From the time of the moratorium on military construction, area engineers frankly warned employees about the uncertain employment situation; many employees did not wait to receive formal notices. Construction managers in the Corps moved with the work; they expected to pick up and leave when a construction project was complete.

Geopolitical events had a particular impact on the Stuttgart Area Office, the primary point of support for USAREUR's VII Corps. In June 1990 Lt. Col. Lloyd Colio, the area engineer, projected that his staff would be reduced from its current level of over 40 to 18 or 20 by the beginning of the new fiscal year on 1 October. He also projected that Stuttgart would absorb the Würzburg Area Office when the area engineer there, Lt. Col. Leslie Rose, retired in November 1990.[118]

In July 1990 Lt. Col. Douglas Lamothe succeeded Colio in Stuttgart. A number of big projects had been scheduled for the Stuttgart area, but the moratorium shelved or canceled most of them. Iraq's invasion of Kuwait and the launch of Operation Desert Shield in August changed the situation entirely. Most of VII Corps moved to the deserts of Saudi Arabia, and construction in the Stuttgart area came to a standstill. "Within six months we went from having a robust construction program, keeping almost 50 people in the area office going, to having no construction program at all, and we were down to 8 people by January 1, 1991."[119]

On 1 December 1990, the Northern Area Office closed and the division transferred personnel and property to the Hoensbroek Project Office. Two weeks later the Würzburg Area Office closed and personnel and property went to the Würzburg Resident Office.[120] Within weeks the Stuttgart Area Office also closed.

The construction moratorium affected the Frankfurt Area Office less severely, and Frankfurt took over responsibility for the Hoensbroek Project Office. In the spring of 1991 the twelve employees of the Frankfurt Area Office—down from thirty-five—moved into the Phillips Building.[121] The construction program of the Nuremberg Area Office declined, but not drastically, and Nuremberg took over responsibility for projects from both the Würzburg and the Stuttgart Area Offices. (*See Map 31.*) The U.S. Engineer Group office in Turkey remained open, although at a reduced staff level; the Greece Resident Office closed.

The Impact on Morale

A recitation of falling numbers in the workforce and the rapid succession of unprecedented events cannot convey the sense of confusion, uncertainty, and sadness that many of the staff at the Europe Division, particularly in Frankfurt, experienced during this period. The suddenness of the events contributed to the dismay of even experienced managers like Virginia Conway:

> Normally, when you are closing out something, whether it is a project or an office, it is a planned process with a date and you are able to plan all the steps to happen.… You are able to prepare people.… You have time to organize and close out those activities that you need to do and you have a sense of accomplishment.… When something like this happens, it is like everything gets thrown to the wind.[122]

Individuals reacted differently. Some decided quickly to leave the organization voluntarily. Others left only when all other options had been exhausted. EEO Officer Laverne Love counseled employees before and during the RIFs. She recalled:

> There were people who sat in here with the door closed and cried, who went through every kind of emotional state that you can believe. It was a bad time.… The RIF and the reorganization … smashed into each other … like an explosion. It was just unbelievable, so depressing for the employees. People hated to come to work. Everybody had a cold. Stress brings on all sorts of physical ailments.[123]

Long-time employees who were virtually untouchable in the reductions were not immune to the stress. Louis Brettschneider had been in Europe since 1956 and had experienced many organizational changes and fluctuations in workload, but he called the drawdown in 1990–1991 "a confusing period" and "most trying."[124] Hasso Damm, an employee of the U.S. Army since 1956, had seen many organizational changes and numerous colleagues come and go. When asked about the drawdown, he said: "This was really the sad part for all of those who are still here. One day you talk to somebody in the hallway and the next day he wasn't there anymore. He left. It was impossible to keep up with people who left."[125]

The transition created an emotional roller coaster for Debra Dale, a landscape architect. She received three RIF letters and bumped her best employee but kept a position at EUD, although her husband lost his. Months later she admitted that she was "still stumbling."[126] It was a peculiar irony that the end of the Cold War and the prospect of a more peaceful Europe brought so much dislocation and pain to the people working in the Europe Division.

U.S. ARMY ENGINEER DIVISION, EUROPE
FIELD ORGANIZATION
NORTHERN EUROPE
1991
Area Office Boundary (approximate)
Area Office Headquarters
Project Office
0 50 100 150 Miles
0 50 100 150 Kilometers
D E N M A R
UNITED KINGDOM
ENGLISH CHANNEL
Hamburg
Bremerhaven
Bremen
AMSTERDAM
The Hague
Soesterberg
NETHERLANDS
Hannover
G E R M A
Rhine R
Kassel
BRUSSELS
Teveren
Hoensbroek
Meuse R
Erfurt
B E L G I U M
Giessen
Fulda
Wildflecken
Frankfurt
Bitburg
Hahn
Schweinfurt
Aschaffenburg
Würzburg
LUXEMBOURG
Baumholder
Kaiserslautern
Heidelberg
Reims
PARIS
Marne R
Metz
Karlsruhe
Stuttgart
Seine R
F R A N C E
Augsburg
Loire R
Dijon
S W I T Z E R L A N D

Map 31

UNION OF
SOVIET SOCIALIST
REPUBLICS
B A L T I C S E A
Stettin
Oder R
Warthe R
WARSAW
BERLIN
N Y
Oder R
P O L A N D
Elbe R
Leipzig
Breslau
Dresden
PRAGUE
Grafenwöhr
Vilseck
C Z E C H O S L O V A K I A
Isar R
Danube R
VIENNA
Munich
A U S T R I A
BUDAPEST
H U N G A R Y
Innsbruck

The Europe District

By the end of February 1991, fifteen months after the Berlin Wall was breached, the construction mission in Europe had been transformed. The Corps of Engineers continued to manage contract construction for the U.S. military but for a much smaller force. The organization that handled the engineering responsibilities, now the Europe District, was less than half the size of the Europe Division at its maximum. Through attrition and a formal reduction in force applied to American employees, the number of personnel had been reduced to 462; plans called for reducing the workforce to fewer than 300 by 1 October. A major reorganization had put life-cycle project management in place. Scores of projects had been canceled. The division realigned field operations and cut the number of area offices in half—from six to three. During these fifteen months the division's leaders struggled to manage rapid change and employees struggled to adjust to the personal impact of world events.

In a simple, thirty-minute ceremony on 1 March in a large room at the Abrams Complex in Frankfurt, Maj. Gen. Ernest J. Harrell cased the colors of the Europe Division and Maj. Gen. John F. Sobke, commander of the South Atlantic Division, accepted responsibility for the Europe District. Sobke then passed the command of the district to Col. Daniel Waldo, Jr.[127] In his final column in the February issue of *Corps' Line*, General Harrell wrote:

> EUD workers may have had to leave, but they never had to quit. EUD can be proud of the legacy of service and quality design and construction it leaves behind. It is a fine record.… When we case the colors of the Division for the last time, we can do so with our heads held high and with a spirit of celebration for the job well done.[128]

A year later Harrell reflected on the changes in Europe that he had experienced. In 1961, as a young officer in a construction battalion, he had lived and worked in sparse and difficult conditions; in 1988 he had toured new barracks, maintenance facilities, and recreation areas constructed by the Army engineers. A lieutenant in Germany when the Berlin Wall went up, he was a general officer in Germany when it came down in 1989. He emphasized: "We won the Cold War. We've accomplished our mission, and so we ought to celebrate that."[129]

The broad mission of the engineers, to support U.S. forces in Europe, had not changed; but as its Cold War adversary collapsed, the focus of American military strategy in Europe blurred. The Army Corps of Engineers had established the Europe Division in 1974 to respond to new challenges, new programs, and growing demands. Now, for the first time since the late 1940s, Army engineers faced the challenge of doing less rather than more.