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Before the Committee on Appropriations

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Fiscal Year 1974

H.R. 11575

93*d* CONGRESS, FIRST SESSION



Part 5 VIEWS OF SENATORS
BUDGET AMENDMENTS
APPEALS FROM HOUSE ACTION

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1974

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 11575

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING JUNE 30, 1974, AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations

PART 5

Views of Senators
Budget Amendments
Appeals from House Action



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Staff Assistants, Department of Defense Appropriations Subcommittee

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1974

TUESDAY, JULY 24, 1973

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:30 a.m. in room S–126, the Capitol, Hon. John L. McClellan [chairman] presiding.

Present: Senators McClellan and Young.

DEPARTMENT OF DEFENSE

NONDEPARTMENTAL WITNESSES

INVITATION TO SENATORS TO TESTIFY

Chairman MCCLELLAN. The subcommittee will come to order.

Over the past 6 months, the Subcommittee on Defense Appropriations has been conducting hearings on the proposed Department of Defense budget for fiscal year 1974.

Military and civilian officials from the Department have testified in more than 30 executive sessions. Those public witnesses who requested to present testimony were heard in open session.

Each Member of the Senate has been invited to submit his views on the pending defense budget, either through testimony or by way of a written statement. We expect to keep this record open until August for those Senators who desire to submit statements.

LETTER FROM CHAIRMAN M'CLELLAN TO EACH MEMBER OF THE SENATE

At this point in the record, I will insert the letter which was written to each Member of the Senate inviting him to present his views to the subcommittee.

[The letter follows:]

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C., June 28, 1973.

DEAR SENATOR: Over the past six months, the Appropriations Subcommittee on Defense has been conducting hearings on the proposed Department of Defense Budget for fiscal year 1974.

Military and civilian officials from the Department have testified in more than 30 executive sessions about America's defense posture and the Administration's estimate of what it will cost to maintain our national security in the next fiscal year.

This phase of our hearings should be completed by mid-July, and I would like then to afford you and every member of the Senate an opportunity to

submit your views on the pending defense budget either through direct testimony or by way of a written statement.

Your participation in these proceedings will, I am sure, help the Subcommittee to arrive at a defense appropriation bill which will be responsive to and commensurate with our fiscal and military needs.

I, therefore, welcome and invite your comments on this subject and will set aside a mutually convenient time for you to appear. To facilitate scheduling, it would be helpful if you could advise Mr. Guy McConnell, Ext. 57253, by July 9, 1973.

With kindest personal regards, I am,

Sincerely yours,

JOHN L. MCCLELLAN, *Chairman.*

MAINTENANCE OF MILITARY STRENGTH

STATEMENT OF HON. JAMES L. BUCKLEY, U.S. SENATOR FROM NEW YORK

SOVIET INTERPRETATION OF DÉTENTE

Chairman MCCLELLAN. The first witness this morning will be Senator Buckley of New York.

Senator, the subcommittee welcomes you, and we are glad to have your views. You may proceed as you wish.

Senator BUCKLEY. Thank you, Mr. Chairman.

I am very grateful for this opportunity to appear before this highly important committee, and what I will be reading is my expression of what I would consider the urgent need not to let up on maintaining our military strength at this particular time.

It has frequently been observed that democratic societies such as ours are not capable of sustaining a long-term, low-intensity political and diplomatic conflict with a determined opponent.

That the Soviet Union regards détente in terms of such a conflict is clear both from Soviet writing and actions. The often repeated Soviet position was summed up this March by G. Arbatov, "director of the Soviet Institute for American Studies," as follows:

> Relations with the capitalist nations will remain the relations of struggle, however successful normalization and détente may be * * *. The essential question is what form that struggle will take.

The diplomatic offensives in which the Soviets are now engaged, plus the speed and intensity with which they have been building their military power since the beginning of détente in the mid-1960's, tells us the form of the struggle the Russians intend to pursue.

It is clear, then, that we are embarked on an era of substantial, low-intensity political and diplomatic challenge to which democracies have historically proven most vulnerable.

Mr. Chairman, if my statement may be placed in the record I think it will be easier to talk informally about these points.

Chairman MCCLELLAN. Fine. The statement will be received and printed in full in the record. You may highlight your views, Senator, if you like.

NECESSITY FOR PREPAREDNESS

Senator BUCKLEY. I think it is a paradox that at a time when our hopes are being encouraged by the talk of détente and when the chances for immediate armed conflict seems more and more removed that we nevertheless must maintain a very high level of preparedness.

This is something that, of course, the Soviet Union seems clearly to understand and that is why, before and after the SALT agreement and during the current negotiations in Helsinki and Vienna, they have continued to modernize every element of their armament, both conventional and strategic.

It seems to me that this is the reality with which we must be prepared to cope until such time as we have finally negotiated effective, meaningful, self-enforcing agreements for mutual reduction of armaments.

We, unlike the Soviets, have been buoyed by our hopes, have become bone weary with the Vietnam experience, and we have been actually engaged in de facto unilateral disarmament.

We are disarming ourselves in absolute terms with reference to the strength of our ground, air, and naval forces; with regard to our strategic nuclear forces and military research we are falling behind the Soviets in relative terms.

WESTERN VIEW OF DÉTENTE

We and our European allies view détente as a period when military tensions can be relaxed and we are looking for a basis for normalizing relations irrespective of ideology.

What I think we have to keep our grip on is an understanding that both President Nixon and West German Chancellor Willy Brandt have tried to tell us, and they of course are the architects of détente, that we can only hope to achieve détente, we can only hope to achieve meaningful long-term agreements, if we work from a position of undoubted strength and only then will the Soviets be willing to listen to us and will they feel it will be to their advantage to come to some accommodation.

While we all hope that these diplomatic initiatives will work, we cannot prudently operate as if our hopes will be realized.

MILITARY PREPAREDNESS

We cannot, in other words, adopt a "fair weather" philosophy. I think that the obligation of this committee and the obligation of Congress is to make sure that we are maintaining a level of preparedness which will protect us in the event that the SALT negotiations fail to come to a successful conclusion so that we can move forward quickly to overcome the numerical disadvantages which have been written into the SALT agreements.

We must also understand that if we fall back in our capacity to meet potential Soviet threats, then those countries around the globe who have to rely on our steadfastness may begin to start making

accommodations to the Eastern bloc and may, or in the case of Japan, decide to begin developing an independent nuclear force, which, in either one of these developments, would be very disturbing to existing world balance at this time.

"FAIR WEATHER" APPROACH TO NATIONAL DEFENSE

I am frankly concerned that the Congress is seeming to adopt the "fair weather" approach to our national defense problems and I would like to cite two examples of this.

Nearly half of the funds requested by the administration for the Trident submarine had been cut by a Senate Armed Services Subcommittee, yet in the meantime the Soviets are continuing to build and deploy Yankee and Delta class ballistic missile-firing submarines at the same rate as before the accord was signed.

This means that they are exploiting to the limit the numerical advantages granted them by SALT I. We can only hope to match that advantage by developing or maintaining a qualitative superiority in our own forces.

We also know that the Soviet Union is deploying three new types of ICBM's and one has nearly twice the capacity of the SS–9.

The SS–9 was considered to be one of the most destabilizing of the strategic nuclear weapons prior to the signing of the SALT accord because of the ability of its warhead to destroy land-based ICBM's.

Yet, in the face of this, Congress, through its relevant subcommittees, has apparently made the decision to debrief the President of the option of keeping the Minuteman III production line open beyond the next fiscal year and has refused to fund the $6 million research and development program for the future land-based ballistic missile system known as M–X.

I am persuaded that there is a developing tendency to relax our efforts before the realities of power around in the globe justify any such relaxation; and while there is an understandable reluctance to spend money for defense in the face of what appears to be a declining likelihood of having to engage in actual conflict, this is no time to let down our guard. I believe that if the Russians feel that we have fallen sufficiently behind, we may in the process, remove the incentives for the Russians to cooperate in good faith in seeking meaningful and forceful agreements for arms reductions.

RUSSIAN FORCE MODERNIZATION

I think we cannot lose sight of the fact that the Russians are continuing to modernize their conventional forces. Since last October, they have mobilized and deployed over 1,000 additional modern main battle tanks in Eastern Europe and I think this emphasizes that we must consider our conventional strength as well as our strategic strength. If, in fact, strategic warfare becomes unthinkable, then the political realities of the world would depend on the relative capacity of our nonnuclear military forces.

EFFECT OF ALL-VOLUNTEER FORCES

There is another point I think the Congress should take into consideration and that is that with the movement toward Voluntary

Armed Forces we no longer have available to us a pool of low-priced manpower. This means that we must concentrate on increasing the "productivity" of our military hardware so that our limited pool of men can fight more effectively in the event of a crisis.

We must also maintain flexibility, understanding we must be prepared for plausible contingencies of all kinds which could arise between now and that time when, hopefully, we have put together agreements that we can prudently rely upon.

TRIAD MODERNIZATION

Therefore, I urge that all three elements of our strategic Triad, land-based ICBM's, manned bombers, and missile-firing submarines be fully modernized with the Minuteman III, the B–1 bomber, and the Trident missiles and submarines. I believe if we do so, we will be reinforcing the hand of the administration in seeking long-term arrangements that are reliable and sustainable.

INCREASED R.D.T. & E. EFFORT NEEDED

I also believe that we should increase our effort in the R. & D. field. It seems to me that too great a portion of the R. & D. dollar is going into improving the "safe bets."

Chairman McCLELLAN. Improving what?

Senator BUCKLEY. The "safe bets," the technology that is pretty well understood; that is, where the results are known, and an insufficient amount in the more exotic types of weapon research, and if we do not reverse this trend we may find ourselves unable to keep pace with some of the surprises that the Soviets may develop as a result of their intensive R. & D. efforts.

EFFECT OF WEAKNESS

Mr. Chairman, I think that the history of the 20th century ought to have taught us one lesson, and that is there is nothing more wasteful than to spend too little for national defense.

Weakness invites intransigence at the bargaining table and it can invite the type of military adventurism that precipitated the military conflicts of World War II. Hitler created such a situation which gave rise to World War II not because the British and French were spending too much on their armed services but because they were spending too little.

You can make an adequate investment in defense, a prudent investment. I am not talking about overspending or wasteful spending, but a spending that takes into full account the military realities that confront us as a result of the Soviet effort and Soviet capabilities. This requires us to understand that an investment in defense is America's best insurance against the failure of SALT II and the mutual and balanced force reductions negotiations. I believe it is a responsibility of the Congress to see we pay the necessary premiums.

Chairman McCLELLAN. Any questions, Senator Young?

QUESTION OF PROVIDING "BUTTER AND GUNS"

Senator YOUNG. That is a very good statement, Senator. We have a problem, I think, in the United States far greater than covered by this

committee or even the Congress. The Russians can and are spending a large amount of money on defense. I see no decrease. They can force their people to sacrifice for defense. Can we increase our expenditures for social welfare programs and all kinds of other programs, and, in effect, become a welfare state and still be strong militarily?

This goes back to the arguments I heard when Mr. McNamara was Secretary of Defense in charge of the Vietnam war. He argued we could have "butter and guns" at the same time and it just does not work out that way.

DEMOCRATIC WILL TO SURVIVE

Senator BUCKLEY. I think you put your finger, Senator on the real problem that faces us and it is a difficult one, "Do democracies have a will to survive?" Are they able to impose a self-discipline on themselves in the form of taxes that will enable them to be as strong as those who are in opposition to them?

Yes, the Soviets have a much easier situation than we have, but I have a feeling that one of the functions of political leadership is to have to point out to the American people what the realities are and what we have to prepare for.

Also, I believe that we have a job of education as to the realities and as to the fact that we are now spending on defense less than we have been spending in any of the last 20 years, as I understand it, in any meaningful terms as far as percentage of the national budget or gross national product.

Senator YOUNG. For example, the voluntary military forces, which most people want, is more costly.

Senator BUCKLEY. It is costly and if they want it they ought to be willing to pay for it. I personally feel, and I notice a substantial body of people agree with me, that many of the social programs that you referred to are wasteful and may be complicating the social problems rather than solving the social problems, but the first duty of a society is to survive. The first duty of the United States, seems to me, aside from protecting the constitutional processes that assure our internal freedom, is to provide for our national security and what you spend to accomplish that end is not determined by how we want to rank our own internal priorities, but on what is happening outside of the world against which we have to protect ourselves.

I think if we can take on the great political problem it must happen not only here but also in Europe, as I understand it, and one of the things I feel that if we, in the United States, start making substantial troop cuts, then we may encourage our allies in Western Europe to follow suit.

NATO MILITARY STRENGTH COSTS

Chairman MCCLELLAN. You speak about Western Europe. Do you speak primarily of NATO?

Senator BUCKLEY. Yes.

Chairman MCCLELLAN. We have a problem, you indicate, in reducing our expenditures related to our military strength so that we would not keep pace with the opposition. As a result the other democracies may feel we are letting NATO down, too. However, don't you think that for a long, long time we have carried the burden for NATO in Western Europe?

Senator BUCKLEY. We have carried a large burden but by no means the total burden. The Germans are spending a fair amount and the British by some statistics are spending an awful lot there, but I think we have to recognize that we are not in Europe merely to protect your Europeans but because we feel that ultimately what happens to Europe effects our own security. They could be doing more, there is no doubt about it.

Chairman MCCLELLAN. Do you think they lean on us too heavily and that we have permitted them to do so?

Senator BUCKLEY. I am sure that is true in times past and it is certainly true with respect to certain countries within the NATO alliance today.

I think one of the problems that we have to recognize is that we think in terms of Western Europe as if it were an entity, but Western Europe has not yet achieved the political solidarity that brings all of those resources together behind the common purpose. This is a position that is not comfortable for us to be in. I don't like it any more than anybody else, but the consequences of our doing something that would ultimately give us possibly, in line with our own self-interest, is so great in my judgment that I would rather have other people freeloading a little bit on us than set into motion a chain of events that could so weaken the NATO alliance in light of the continuing buildup of Soviet strength that we would place the Soviets in a position where diplomatically and politically they could fracture the unity of Western Europe and, in effect, turn Western Europe into a "Finland" which is compelled to adjust its internal and external policies to coincide with Soviet preferences.

LONG-TERM DEFENSE AID TO EUROPE

Chairman MCCLELLAN. Is this extra burden that we have been carrying one that we are destined to undertake to carry indefinitely?

Senator BUCKLEY. I think the answer may be yes. I forgot to bring with me an essay by Irving Kristol, that points up the essential and unpleasant differences between our posture today and our posture 100 years ago.

We have, whether we like it or not, evolved because of our sheer success, of our sheer strength, into what he calls an "imperial republic" and what he wanted to emphasize was that there is a qualitative difference between a large power and a great power.

IMPERIALISM AND THE GREAT POWERS

To be a great power, involves you in a web of responsibilities so that you are locked into them and there is no easy way out, because an attempt to withdraw——

I would like to read this, Mr. Chairman, into the record. This is a quotation of an essay which is called "American Intellectual Foreign Policy" by Irving Kristol in the book "On the Democratic Idea in America."

> There are a great many people who appear to think that a great power is only the manifestation of the small power and the principle governing the actions of the latter are simply transferable perhaps one with some modifications to the former. In fact, there is a qualitative difference between the two conditions and

the difference can be summed up as follows: A great power is imperial because what it does not do is just as significant and just as consequential as what it does, which is to say a great power does not have the range of freedom of action derived from the freedom of inaction that a small power possesses.

It is entangled in a web of responsibility from which there is no hope of escape and its policymakers are doomed to a strenuous and unquiet life with no prospect of ultimate resolution, no hope for an unproblematic existence, no promise of final contentment. It is understandable that these policymakers should sometime talk as if some particular redirection of policy of any great power is capable of terminating the tensions inherent in this imperial condition, but it is foolish for us to believe them and it is even more foolish for them to believe themselves.

I think Mr. Chairman, that expresses the historic context of the responsibilities of the United States.

WILL TO SACRIFICE FOR DEFENSE

Chairman McClellan. You made a reference a while ago that I am inclined to appreciate. The real issue in America is whether it has the will to defend itself—whether it is willing to make the sacrifices necessary to keep our defense posture sufficient to be an adequate deterrent.

Senator Buckley. Correct, and that is it in the nutshell and I hope Congress rises to the occasion but the same source of power, the people, today want comfort, want the Government to take care of all of their needs. They want a better way of life provided for them with social programs and opportunities provided for them.

In other words, to somewhat oversimplify, it is bread and butter versus weapons for defense. So they want the comfort, they want the easy way.

Chairman McClellan. Is our society willing to pay the price for survival?

Senator Buckley. I have great confidence in the American people rising to the occasion if the facts are spelled out for them, but what concerns me is that too few of the people in positions of responsibility are willing to say disagreeable things.

Of course, Americans want comfort, and of course they are tempted by the programs which suggest that the Government ought to look after their problem; but it seems to me that it is the responsibility of the Congress to speak out and say "These are the facts of Soviet power, these are the facts of how we have allowed ourselves to decline and these are the political consequences of our failure to start restoring of something closer to parity."

I would like to think that if this were done and if the press would cooperate in reporting.

Chairman McClellan. They won't; I think you will agree with that?

INFORMING THE AMERICAN PUBLIC

Senator Buckley. Right. I do. But anyway as confidence is restored and the American public is informed, but the problem is how to inform them.

Chairman McClellan. Well, I think that is so. If the American people could know, if any of us had that foresight to know what the consequences would be, and if the people were aware of those facts, then I would say "Yes, they would." But as of now, I think they are

confused. I don't think we are completely clear on all of these issues ourselves. Right here in the Senate and in the Congress there is a strong element who would advocate partial disarmament of this country in order to provide more of the social benefits for the people.

INDIVIDUAL SACRIFICE FOR NATIONAL SURVIVAL

Such an approach has a stronger appeal to the people than one that urges them to make sacrifices for the national defense. An appeal is very persuasive when it is couched in terms which provide greater comfort and which enhance our way of life. However, suppose one were to ask the people of this Nation. "Would you be willing to do without these advantages in order to save our freedom?" When the question is posed that way, what would be their answer?

Senator BUCKLEY. It depends on how you pose the question.

Chairman MCCLELLAN. I have registered my own concern, but the fact of the matter is that we are a democracy and those who believe that this country should reduce its forces have the right to advocate whatever degree of disarmament they wish, basing their argument on the belief that Russia is not bent upon aggression and that therefore we should channel our priorities into other areas of national concern.

Senator BUCKLEY. May I say, if I go up for reelection I see it as my duty now to warn about the needs of more for defense and less for these other things and if I get clipped off I get clipped off, but I believe if there are enough people in the body that start talking that way, then we won't have this situation.

Chairman MCCLELLAN. I would put a few "ifs" in there. I wish to protect the country, no doubt about that, and so do you. But those are stumbling blocks, obstacles that have to be overcome. I reiterate that I am speaking out of deep concern. Off the record.

[Discussion off the record.]

Chairman MCCLELLAN. But I was confronted in a recent campaign with the need to do something for the people. Do you know what I refer to?

Senator BUCKLEY. Yes.

Chairman MCCLELLAN. It is not these issues, based on the essential need for national survival, that are most appealing to the people. Today one can make a tremendous appeal to many voters by offering to give them something for nothing.

Senator BUCKLEY. I agree.

Chairman MCCLELLAN. Politically, it comes down in finality to the question: "Have the American people really the guts and fortitude to make the sacrifices necessary to preserve democracy, and will they follow the leadership that will carry them in that direction?" Or, conversely, and described briefly, will they choose the easy way?

Senator BUCKLEY. And the answer to that question will depend on whether the American Republic has serious enough intentions, I think. I think we are that close to the brink.

Thank you, Mr. Chairman.

Chairman MCCLELLAN. I have very deep concern about it. We have a democracy where we can put issues into our elections. That is right; I believe in it. But that which is best for the country is not always represented in a particular political issue.

Senator BUCKLEY. That is right.

DECISION BY AN INFORMED ELECTORATE

Chairman McCLELLAN. And when you come down to the final source of responsibility, it is the people themselves who must decide.

If we are right in our position that we must maintain sufficient military posture to maintain a strong deterrent, and if we are unable to sell the American people on the essential need for that deterrent, and a catastrophe should follow, then it is the people themselves who must take the blame. It boils down to the fact that if a democracy has the means to survive and has the will to survive by making the sacrifices necessary to that survival, it will prevail. But if the collective will of the people is lacking, or if they are misled and fail, as a result, to pay the price necessary for survival, then that democracy may fail.

Senator BUCKLEY. But a democracy, to be given a fair chance, must be informed. The people must be informed.

Chairman McCLELLAN. They must be informed. That is true, because people may make the wrong decisions if misinformed or uninformed. As a Senator, sometimes I may do that inadvertently, because I am not adequately informed.

I guess that is true even down to the operation of our democracy itself. If the people have the information on which to base an informed judgment, we can properly depend on them to make the right decision. But in addition to that knowledge, they must have the intestinal fortitude and character and the willingness, unpleasant though it may be, to make such sacrifices as are necessary to support that decision. I don't know the answer, Senator, but obviously it is there.

I have already indicated that I am deeply disturbed over this matter.

DEFENSE WASTEFULNESS

But then I come back to the other side of the argument with respect to defense. There is waste and extravagance in the Defense Department. There has always been, I assume, and I don't know but that there always will be to a great extent, because war is wasteful and destructive.

The very preparation for war, involving vast expenditures, is a complete loss to society in terms of productive enhancement, unless one includes the maintenance of peace and freedom.

Senator BUCKLEY. Right.

Chairman McCLELLAN. Except for the jobs that are created in the production of weapons and the maintenance of forces, the sole benefit derived from defense expenditures is that it preserves the peace and protects our way of life.

Senator BUCKLEY. It is an insurance policy.

REDUCTIONS AND AN ADEQUATE DEFENSE

Chairman McCLELLAN. Yes, it is an insurance policy, but it is also a very serious problem, and I don't know how things are going to go. I haven't at the moment any specific item in mind that would lead me to say, "Yes, let's reduce this," or "Yes, let's increase that." I have not one specific thing in mind. I have sought this testimony in the hope to have time to analyze it and then make some decisions on where possible cuts may be made without serious harm to our military

strength, though there may be some instances where there should be increases.

But again, the American people, I am persuaded, are not enthusiastic about supporting a budget that may be necessary and may be in the best interests of our country. I am concerned about it. That is why I invited all Senators to come here and put their views on the record as to the places where cuts should be made. I want to make any reductions that will not jeopardize our security. This country's financial situation is bad and the cost of maintaining the necessary military personnel today is going up astronomically compared to what it has been in the past.

Earlier you pointed out that if we are going to hold our military personnel strength down as low as it is now—and I would like to see this done—we have to give our forces the very best in weaponry, and in order to do that we must provide a constant and aggressive program of research.

Senator BUCKLEY. There is no alternative.

Chairman MCCLELLAN. Well, Senator Young, any questions?

Senator YOUNG. I have just one word.

PUBLIC ATTITUDE TOWARD ABM

I have a problem, maybe in my own State; we find we have more than $6 million invested in an ABM site and 300 in missiles, two big air bases and most people say, "They will never be used, what a waste," and I don't think they will ever be used as long as we remain this way. It is hard to answer this question that they may never be used.

Senator BUCKLEY. What I try to do is point to England and France, that, in I think the 1930's, they didn't have any standby investment in military affairs and they became devastated because they invited war.

This is a hard idea to sell and hard to also sell the understanding that the possession of strength keeps hostile powers in line, prevents war, keeps our people alive.

NATO COOPERATION

Chairman MCCLELLAN. Coming back to another issue you made reference to a while ago, I think many of our allies, particularly our NATO friends, sit back and are willing to let us do most of the defense work. I think they have to be jarred into a realization that they, too, must make sacrifices for their own protection and not depend upon us as much as they do.

Senator BUCKLEY. That's right.

Chairman MCCLELLAN. We have just about exhausted the source of our beneficence, in my mind, with the economic situation what it is today and the costs that we are incurring as high as they are. I think we cannot continue to do this, and that our allies must realize that they are going to have to undertake a great deal more of their own defense.

Thank you very much, Senator, and thank you for everything.

Senator BUCKLEY. Thank you, Mr. Chairman.

PREPARED STATEMENT OF SENATOR BUCKLEY

Chairman McClellan. Your prepared statement will appear in the record at this point.

[The statement follows:]

Mr. Chairman, I am grateful for the opportunity to appear before this Committee to present my views on our national defense posture.

It has frequently been observed that democratic societies such as ours are not capable of sustaining a long-term, low-intensity political and diplomatic conflict with a determined opponent. That the Soviet Union regards detente in terms of such a conflict is clear both from Soviet writing and actions. The often-repeated Soviet position was summed up this March by G. Arbatov, director of the Soviet Institute for American Studies as follows: "Relations with the capitalist nations will remain the relations of struggle, however successful normalization and detente may be. . . . The essential question is what form that struggle will take." The diplomatic offensives in which the Soviets are now engaged plus the speed and intensity with which they have been building their military power since the beginning of detente in the mid-1960's tells us the form of the struggle the Russians intend to pursue. It is clear, then, that we are embarked on an era of substantial, low-intensity political and diplomatic challenge to which democracies have historically proven most vulnerable.

It is a paradox of such periods that while tensions are being relaxed and the chances of armed conflict appear most remote, it is of the most critical importance that military forces be maintained at a high level of preparedness. This is something the Soviets clearly understand. This is why before and after SALT I, why during the current negotiations at Helsinki and Vienna, they have been modernizing every element of their armament, traditional and strategic, with what the *Economist* has described as a "singular obsession". We, on the other hand, buoyed by our hopes and bone-weary from the Vietnam experience, have been engaged in unilateral disarmament. We are disarming ourselves in absolute terms with regard to our conventional ground, air and naval forces, and in relative terms with regard to our strategic nuclear forces and military research and development.

We and our European allies view detente as a period when military tensions can be relaxed, and a basis for a permanent peace negotiated while normal relationships are re-established irrespective of ideology. What we must understand—Richard Nixon and Willy Brandt, the American and European architects of detente have urged—is that detente and the negotiations required to implement it can only succeed if we lead from a position of strength.

While we all hope that our new diplomatic relations with the Soviet Union will bring about the conditions for a genuine relaxation of international tensions, it is neither prudent nor helpful to construct a national defense program based upon an expectation of permanent diplomatic "fair weather." There are no certainties in international politics except that agreements made under duress are considered to be valid and binding. We cannot be certain that a leadership change or some traumatic international event might not completely or at least substantially reverse the climate of international relations.

It is a major responsibility of the Congress to make sure that the United States has a defense establishment capable of defending the security and interests of the United States in the event of the emergence of diplomatic "heavy weather." To develop a defense posture which is appropriate only to our hopes could place us and our allies in grave jeopardy. This does not imply that our defense posture should reflect a response to a "worst case" expectation. Rather, our military readiness should reflect a prudent reading of the capabilities, military doctrines, political objectives, and mobilization potential of likely adversaries. My concern is that the Congress will fail to meet the needs of elementary prudence while we are still attempting to negotiate meaningful, enforceable arms limitations agreements.

There are, I believe, some examples of Congressional reluctance to meet our security needs that tend to illustrate the point:

> Nearly half of the funds requested by the Administration for the TRIDENT submarine program were cut by a Senate Armed Services subcommittee. The Soviets, in the meantime, are continuing to build and deploy "Yankee" and "Delta" class ballistic missile firing submarines at the same rate as they did in the two years prior to the signing of the SALT accords. They are ex-

ploiting the numerical advantages allowed them by SALT I that we can only hope to match by maintaining a qualitative superiority in our own forces.

The Soviet Union is deploying three new types of ICBMs—one with nearly twice the payload capacity of the SS–9. The SS–9, you will recall, was considered to be one of the most de-stabilizing of strategic nuclear weapons prior to the signing of the SALT accords. In addition, three new types of Naval cruise missiles, the SS–N–9, SS–N–10, and SS–N–11, and a new 4000 mile range submarine-launched ballistic missile, the SS–N–8 have been deployed since the first round SALT accords were reached. Yet, in Congress, the relevant committees have apparently made a decision to deprive the President of the option to keep the Minuteman III production line open beyond the next fiscal year, and have refused to fund a six-million R&D program for a future land-based ballistic missile system known as M–X.

I am persuaded that there is a developing tendency to relax our efforts before a relaxation is justified by the facts. While there is an understandable reluctance to spend money for defense in the fact of what appears to be a diminished likelihood of actual conflict, the time is not yet upon us when we can prudently let down our guard.

Because of the reductions in U.S. forces since the phase-out of the Vietnam War, the overall military balance between the United States and the Soviet Union is less favorable than it was two years ago. As mentioned earlier, Soviet deployments and modernization of her strategic nuclear forces have continued unabated—with the single exception of new hard silo construction starts prohibited by the SALT accords. The Soviet modernization of Communist forces has included those stationed in Eastern Europe. Since last October, over 1,000 T–62 Main Battle Tanks have been added to the already formidable Soviet inventory. It seems apparent to most experienced observers that detente is not deterring the Soviets from a steady strengthening of their already formidable military power. If we are ever to be in a position to negotiate a reasonable set of agreements that could provide the framework for a stable and lasting peace, we must in the meantime maintain a military posture that can respond credibly to contingencies which could arise in a crisis.

It is my view that Congressional action may result in a defense posture that is considerably short of a prudent perception of our national defense requirements in present and anticipated international conditions.

I would argue that there are two overall priorities that the Congress should recognize. The first is to provide our forces-in-being with sufficient modern hardware to allow these forces to cope with plausible types of future conflicts including counterinsurgency, limited conventional war, and tactical, limited strategic, and general strategic nuclear warfare. We no longer have the luxury of being able to draw on a vast pool of low-cost military manpower to meet contingencies. We must therefore improve the "productivity" our military forces by developing and deploying technologically advanced and effective weaponry that will offset manpower limitations in convention forces and numerical inferiority in strategic forces.

To this end it is important in my view to insure the speedy development of the most modern weapons we can prudently afford. I urge that all three elements of the strategic "triad"—land-based ICBMs, manned bombers, and missile-firing submarines—be fully modernized with Minuteman III, the B–1 bomber, and the Trident missiles and submarine. Modernization is especially important for strategic forces since these forces are the "silent partner" of all of our negotiations with the Soviets. Perceived weaknesses in this field will have a subtle but corrosive impact on the negotiating strength of any U.S. President. Moreover, strategic inadequacy on the part of the United States would tend to weaken U.S. alliances—especially NATO—and encourage friendly nations to seek either their own nuclear arsenal, or an accommodation with the East. In either event, the results could be costly to international stability.

Neither can our conventional force capability be neglected. Those contingencies that do arise are most likely to involve conventional or General Purpose forces of some kind. With manpower limitations imposed by both the absence of conscription and the high cost of military personnel, effective and manpower-efficient technology is increasingly important. The inevitable impulse to substitute a low-cost low-performance military system for a high cost-high performance system must be resisted if we are to maintain a conventional force that is adequate to meet a plausible set of military contingencies.

The second major priority in the maintenance of an adequate Research and Development program. In recent years there has been an alarming tendency to devote a large fraction of the funds allocated for R&D to advanced engineering development of major "safe bets" while devoting relatively little effort toward a truly well-balanced R&D program. Such a program must anticipate plausible alternative contingencies, strategies, tactics and political environments. The objective should be to provide us with as wide a range of options for potential deployment as we can prudently afford. I regard the present level of effort as involving an excessive degree of risk with regard to our future security.

The idea of spending money for defense purposes in the current environment is clearly out of fashion. Indeed preparing for a contingency which may never materialize is viewed by many as a tragic waste of resources. However, the history of this century is replete with evidence to support the contention that the most wasteful form of national defense is to be unprepared when a challenge arises. At best, weakness invites intransigence at the bargaining table. At the worst, it will invite the kind of military adventurism that precipitated the European and Pacific conflicts of World War II.

An adequate investment in defense is America's best insurance against the failure of the SALT II and Mutual and Balanced Reduction of Forces negotiations. It is the responsibility of the Congress to see that we pay the necessary premiums.

National Security

STATEMENT OF HON. FRANK E. MOSS, U.S. SENATOR FROM UTAH

BUDGET COMPLEXITY

Chairman McClellan. Senator Moss, would you like to testify now?

Senator Moss. Thank you, Mr. Chairman and Senator Young. I was listening to the discussion here and I will do my best in the short time allotted to me to lay out what I think are some of the actions that might be taken on a defense budget.

We can all agree that there is no subject of greater importance than national security. Its importance is reflected in the administration's proposed Federal budget—one third of which is devoted to Defense. Congress certainly has no constitutional duty that is more important than appropriating sufficient funds for our Nation's security and seeing that these funds are employed in an effective, efficient manner.

I might add, Mr. Chairman, that the Defense Department does not always give Congress the full cooperation that it requires in order to carry out a rational appropriations process.

Several months ago we received the Defense Department budget request for fiscal 1974, and for the 50th consecutive year, it was designed to defy human interpretation and understanding.

Cracking the Japanese code in the Second World War was a relatively simple undertaking compared to deciphering the annual budget request from the Defense Department. I sometimes believe that Defense takes one-third of the money Congress appropriates and spends it in developing a strategy to defend itself from Congress.

But despite the obfuscations in the budget request that has been presented to us, I believe we can draw some conclusions from it. For when we carefully examine DOD's request, the reason for obfuscation becomes abundantly clear; during the next fiscal year, the administration proposes to spend $5 billion more than is actually necessary to maintain a strong system of national defense.

DEFENSE OVER-SPENDING AND WASTE

In examining the defense budget our primary consideration should be the continuing capability of the United States to defend itself. But we must also recognize that wasteful military spending does not serve this objective. In fact, over-spending on defense has the ultimate result of weakening the country. No nation has ever been able to play a significant international role for long without a stable and vigorous economy. In the United States, our economic well-being has been the basis for the military predominance we have enjoyed throughout most of this century. But now, we are faced with one of the most severe inflationary spirals in our history.

It is well established that there is no way to control inflation without first controlling Government spending, and the Defense budget for fiscal year 1974 should be examined in this fiscal context. I believe that a careful examination reveals that we can achieve approximately $5 billion in savings compared to the administration request. By paring away this $5 billion in waste, we will greatly reduce inflationary pressures, and at the same time retain the capacity of this Nation to defend itself.

TRIDENT SUBMARINE

I am pleased that in this session of Congress, one very significant step has already been taken toward trimming our military budget to reasonable proportions.

Last week, a subcommittee of the Senate Armed Forces Committee voted to slash nearly $1 billion from this year's defense budget request for accelerated construction of the Trident submarine.

The case for a rapid development of the Trident has never been very convincing. The United States presently has a fleet of 41 nuclear powered Polaris submarines that will provide us with a sound and economical deterrent for some time into the future.

We have already begun to install the potent Poseidon missile on 31 of these submarines. By 1976, the Polaris-Poseidon system will carry 5,120 independently targetable warheads, giving the United States far away the most awesome submarine-launched ballistic missile system in the world.

Given the clear predominance the United States has already achieved with the Polaris-Poseidon system, the accelerated development of the new Trident system cannot be justified. Each Trident submarine alone will cost $1.3 billion, and the full fleet will cost at least $40 billion.

The Trident system clearly would be the most expensive strategic weapons system ever undertaken. But despite this great expense, the need for the Trident submarine has never been demonstrated. It is argued, for example, that these new submarines will be able to carry missiles with far greater range than the missiles borne by the Polaris.

Yet, our present Polaris fleet might easily be equipped with missiles that have nearly the same range. An extended range Poseidon missile EXPO would have a range of 4,500 miles compared to 6,000 for the Trident II.

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Considering the enormous expanse of ocean that lies within the 4,500-mile range of potential targets, the additional 1,500-mile range of the Trident does not appear to be a significant advantage.

It is also argued that the Trident sub has greater invulnerability to attack because it is faster and quieter. These attributes are clearly advantages, but they must be weighed against two obvious disadvantages.

First, the Trident is larger than the Polaris and thus easier to detect. Second, under the SALT Agreement of 1972, the United States would be limited to 27 Trident subs as opposed to 41 Polaris-Poseidon subs. Thus, with the Trident we would lose some of the advantages of dispersion. In a phrase, we would be placing more of our eggs in fewer baskets.

B–1 BOMBER

The administration budget for the next fiscal year also calls for nearly $0.5 billion to speed the development of the B–1 bomber. This expenditure represents a downpayment on a system that would eventually cost the American taxpayer $30 to $40 billion. But again, the accelerated development of this new weapons system cannot be justified.

Extension of the operational life of the present SAC fleet of B–52's and FB–111's represents a sound, and less expensive, alternative—at least for the immediate future.

We now have more than 200 later model B–52 G and H's which may well remain operational for the next 20 years. Since there is no pressing need at this time for replacement of the B–52, the program should be cut back to exploration of a variety of weapons systems that might eventually replace the B–52. Research and development of this type would cost less than half the amount that has been requested for the B–1 in the coming year.

THE F–14

The same considerations of economy and projected military strength apply with even greater force to the F–14 aircraft. The versatile F–4 already provides us with a tactical air wing of proven capability. The Navy has argued that the F–14 will be qualitatively superior to the F–4, despite the fact that the development of the F–4 has been hampered by severe technical problems. As a result of these problems, the F–14 will be 3½ times more expensive than the F–4; I doubt very much that the superiority attributed to the F–14 will ever make up for the great disparity in cost. In fact, at this point, I am not even certain that the clear superiority of the F–14 has been demonstrated. Given the proven capability of the F–4, there is no reason to continue development of the F–14. By discontinuing this program, we can save $633 million in fiscal 1974.

CVN 70 NUCLEAR AIRCRAFT CARRIER

When I look at the recent history of some of our weapons systems, I am reminded of the story of the sorcerer's apprentice. You may remember that the apprentice created a magical broom that would do all the apprentice's work without the apprentice lifting a finger.

Much to his horror, however, he found that once the broom had begun the chores, there was no way of making it stop. Before long, the

broom was acting independently beyond the commands of the man who brought it into being.

I am afraid that situation applies with respect to the Navy and its aircraft carriers. According to the administration's budget request, the Navy is now planning further expansion in its carrier fleet, and for the life of me, I cannot understand what purpose might conceivably be served by such expansion. The United States already has 14 aircraft carriers, and the Soviet Union has none.

Our carrier fleet apparently has now attained the status of the sorcerer's broom. It has achieved an independent existence, and continues to grow even though this growth is not related to any rational purpose. We cannot allow this absurd situation to proceed any further. We can save more than $0.5 billion if we act now to scuttle the plans for yet another mammoth aircraft carrier.

MIRV AND ABM

For several years, I have questioned the need for a large defense expenditure on multiple independently targeted reentry vehicles (MIRV's).

In the past, the possibility of a sophisticated Soviet antiballistic missile system has been cited as the rationale for the extensive deployment of MIRV-type warheads.

But last year's SALT agreement to drastically limit ABM defenses, has destroyed that rationale, and we now can attain offensive sufficiency with a more limited deployment of MIRV's. The MIRVing of 550 land-based Minutemen missiles is no longer necessary, for the multiple warheads fired from our Polaris-Poseidon fleet could easily overwhelm any potential ABM defense. By not beginning the modifications of any additional Minutemen, we should be able to save approximately half a billion dollars in the current budget.

As a result of the SALT Treaty, we will also be able to realize significant savings in the projected outlay for ABM's. The ABM system has been notorious for the cost overruns, and to this date, it makes no appreciable contribution to our strategic defense. Clearly a significant portion of the $672 million proposed ABM expenditures represents no more than a pie in the sky and should be cut from the Defense budget.

MANPOWER WASTE

In the past 4 years, we have succeeded in reducing our military forces from a peak of 3.5 million men to a level of 2.4 million. This significant reduction has created the unfortunate impressions that we have cut our manpower costs to the bone. But despite the welcome reduction in force levels, manpower costs are still greatly inflated over the amount actually necessary for an adequate defense. There are two main sources of waste in the $30.4 billion figure we now spend on military manpower.

GRADE CREEP

The first is what is known as "grade creep." The armed services have, quite simply, become topheavy with brass—at considerable expense to the taxpayer. The recent report of Representative Otis Pike's Armed Services Subcommittee illustrates in dramatic fashion the growing concentration of military personnel at the higher levels. According to

the subcommittee report, there are more officers at the grade of lieutenant colonel and commander than there are at the grade of lieutenant and ensign.

The old American maxim concerning chiefs and Indians would seem to indicate that gross inefficiency is bound to result in this situation. The Committee on Military Policy and Budget Priorities has estimated that a savings of $400 million could be realized in the first year alone by returning to rational system of grade distribution.

RATIO OF SUPPORT TO COMBAT FORCES

The second source of waste in manpower expenditure is the high ratio of supply and support troops to combat forces. At present, this ratio is in the neighborhood of 10 to 1. It may be true that a modern combat force must depend on a large network of engineering support, transport services, training facilities, and other types of support.

But it is difficult to understand why the reduction in troop levels following the end of ground combat in Vietnam has not been accompanied by a commensurate decrease support spending. One can only conclude that part of the so-called support activity was not designed to sustain combat troops. One disgraceful example of waste in support activity is the $13 million that is spent each year to pay for servants for the top military brass.

Chairman McCLELLAN. Pay for what?

Senator Moss. Servants to just do the household chores for the military upper officers.

FOREIGN BASES

The remnants of America's presence in World War II and the subsequent cold war remains scattered across the globe. The United States currently maintains approximately 2,000 bases abroad manned by 600,000 soldiers. The total cost of these troops and facilities has been estmated at $30 billion per year. According to the administration, the cost of our participation in NATO alone is $17 billion annually.

The location and concentration of our forces overseas can be explained by past military conflicts, but they bear little relation to the current realities of international politics. How can we justify today, for example, the presence of 32 separate army bases and 38,000 troops in South Korea? And how can it possibly be in the self-interest of the United States to maintain in Japan some 100 bases that constitute a significant drain on our balance of payments?

It is obvious that a more realistic deployment of American troops abroad will result in a great savings to the taxpayer. But I think the subject of overseas bases also touches upon one of the profound truths concerning America's defense policy in the 1970's. We no longer can think of our defense merely in terms of troops levels or the size of our arsenal of weapons. The developing detentes with China and the Soviet Union has shown that diplomacy is the handmaiden of a successful defense policy.

Our extensive defense establishment abroad is mainly the remainder of an era when the crude show of force was a substitute for negotiation. In today's setting, however, international peace rests more on reducing fears than it does on the buildup of massive troop levels.

ECONOMIC STRENGTH

Finally, I believe that it is becoming apparent that the world role of the United States will be based in the future, to an increasing degree,

on our economic strength and our trade relations with other countries of the world.

We cannot afford to consider defense policy apart from such crucial matters as the problem of inflation or the balance-of-payments deficit. A defense policy that does not take into account the full economic ramifications of the policy, will in the end and by a policy of weakness rather than of strength.

I appreciate the chance to present this to the subcommittee and will be pleased to respond in any way, if you have any matters you would like to ask about.

ITEMS IN CONTROVERSY

Chairman McClellan. Senator, I think you made a very strong presentation in some respects. It is ultimately reduced, I suppose, to a matter of judgment as to some of these needs. For example, the Trident involves the question of whether we need to go forward with that at this time.

Another example is the nuclear carriers: whether we may need more carriers. That issue might be debatable. One argument, of course, is that some of our ships are getting old and we have to provide more modern ones.

The F–14 Navy fighter production has been a matter of controversy, of course, for some time. The strategic bomber has also been controversial. These are decisions that have to be made. I would like to further emphasize your testimony, if we can, by discussing each of them with you.

TRIDENT SUBMARINE

The budget has $1,712 million in it this year for the Trident submarine. What would you say should be done with that item? Should we reduce it or just eliminate it entirely?

Senator Moss. Well, I think the amount for the submarine should be eliminated entirely with a necessary amount for continued work on the missile portion. The point that seemed to me to be important at this point is we already have the Polaris, which is a nuclear submarine and it is somewhat smaller than the Poseidon and wouldn't have quite as much range, nevertheless, the Polaris can be modified and is being modified to carry the same missile, the big Trident missile, it just won't throw it as far.

But as I pointed out it still would have a range of 4,500 miles and that, with the fact that we have 41 of them, seems to me gives us the counterstrike force that is as much a deterrent as having a smaller number of the big submarines, 27, which would be our limit under SALT. I, therefore, think we ought to forego further building of the Trident, at least into the foreseeable future. You can never look down all of the years, you can only look at most maybe a decade ahead.

Chairman McClellan. That is one of the problems we must address. Most of these weapons involve looking 10 or 12 years ahead. What do we need to do now to provide the strength we should have 10 years from now? How much of this hardware do we need? I think we have to look at it on that basis, and, of course, it takes probably 8 or 10 years to develop some of these weapons for our arsenal.

Senator Moss. If it is a complicated system.

Chairman McClellan. That is right.

Senator Moss. I think what we have now with the Polaris, it functions well, that we have an adequate deterrent.

Chairman McClellan. Then you would delete the $1.7 billion for that item?

Senator Moss. Yes, except for the missile research.

Chairman McClellan. I don't believe you mentioned the new attack submarine.

Senator Moss. No, I didn't mention those.

CVN–70 AIRCRAFT CARRIER

Chairman McClellan. But the carrier you did?

Senator Moss. I did, yes, sir.

Chairman McClellan. You would cut that out?

Senator Moss. I would cut that out. I think that the aircraft carrier is probably not a very adequate weapon any more and it has always intrigued me as to why the Russians never went to the carrier concept. They put great emphasis on submarines. I don't know, they may be right or they may be wrong, but the carrier is no longer as invulnerable as it once was. It has to put up its own planes to defend it, but with the sophisticated means that we have now of surveillance from satellites, I don't think it will be too much of a trick to spot a carrier and use a missile to get a close enough hit to pretty well knock them out.

F–14 FIGHTER

Chairman McClellan. The F–14, you would eliminate that, too, wouldn't you?

Senator Moss. Yes.

Chairman McClellan. That is six.

All right, now: destroyers, you didn't mention those?

Senator Moss. I didn't touch the destroyers; no, sir.

B–1 BOMBER

Chairman McClellan. The strategic bomber, B–1, would you cut that out entirely?

Senator Moss. I didn't say we would cut it out entirely, but we are on accelerated development schedule and I don't see that we need that acceleration.

Chairman McClellan. What would you reduce it, about half?

Senator Moss. I think we could come on more slowly. Well, I would say that on the B–1 bomber, that that could be severely cut back. I didn't have an exact figure, but my point there is this.

Chairman McClellan. About $475 million is included in the budget.

Senator Moss. Yes; our B–52's, although they are aging all right, they are still projected to be usable maybe so long as 20 years and they have still been effective for the uses we have had for them in Vietnam.

MANPOWER REDUCTION

Chairman McClellan. You spoke of the waste in manpower, that we are paying too much for manpower. Senator, can you give us something tangible on that?

Our manpower is costing more because we pay about three or four times more in salary now for personnel than heretofore. How would you reduce that? Would you reduce the manpower strength first?

Senator Moss. Yes. I think we very safely could reduce the manpower numbers further. We have 2.4 million apparently. I don't see why we couldn't come down at least another one-half million and still have adequate manpower for our military services.

Chairman McClellan. Reduce it to 1.9 million men?

Senator Moss. Yes, sir. Then, within the structure, there is a problem, as I said, with this concentration of high ranking officer personnel, which gives us a big bulge.

Chairman McClellan. I was going to ask you about that. Isn't that primarily the responsibility of the Armed Services Committee?

Senator Moss. Yes; it is basically the responsibility of the Armed Services Committee.

Chairman McClellan. Particularly since they review the law authorizing these grades?

Senator Moss. Yes. I know it is a difficult problem because, in effect, we made a contract really with the regular officer personnel.

Chairman McClellan. I think that is fixed, Senator, by law, not by appropriation.

COMBAT SUPPORT PERSONNEL

Senator Moss. Yes, and the other, which is again in the Armed Services Committee, I think reduction really in the vast numbers of support troops, 10 to 1 ratio just seems to be out of line.

Chairman McClellan. I know it. That is something that requires some study as regards our modern warfare, modern technology in weapons and so forth. I don't know, it no doubt takes more personnel to support combat operations than it does to do the actual fighting.

Senator Moss. I think it does now.

NATO COSTS

Chairman McClellan. You mentioned another item, $17 billion that NATO is costing us. Of course, some of that expense would be included in some of the other items. Do you favor complete withdrawal of all of our NATO troops?

Senator Moss. Not complete, but I surely favor a drastic reduction of our troop strength in NATO.

First, I think that Europeans now, the members of NATO, have fully recovered from their World War II situation, in fact, I guess without exception they are more prosperous than we are now, in some sense.

And I just don't think that we need ground troops in Europe for any purpose other than a bare psychological purpose and we surely don't need around 300,000 over there to tell the Europeans that we still are their allies and expect to stand with them if they are subject to attack.

TROOP STRENGTH REDUCTION

Chairman McClellan. Well, I thought maybe this $17 billion that you note there is a little high. I don't know precisely what it is costing us, but suppose we withdrew half of our troops, or three-fourths of

what we have in Europe and left just a token force. I favor that myself, if we withdrew them, but kept them in the service. In that event, we would still have to support them, and it would still cost us a great deal of money. Withdrawing them is not the answer. It would provide some savings perhaps, if to support them here would be somewhat cheaper than overseas. But unless they were discharged and unless our strength was actually reduced that much, it wouldn't effectuate much greater savings.

Senator Moss. You are correct. I think we ought to have a reduction in our overall manpower ceiling as we withdraw them from Europe.

Chairman McCLELLAN. You suggest that we reduce them by 500,000 personnel?

Senator Moss. Yes.

Chairman McCLELLAN. Whatever number we brought home, you would reduce our forces by a comparable number?

Senator Moss. I would think the ones we withdraw from overseas bases ought to be a reduction in our forces.

RUSSIAN STRENGTH BUILD-UP

Chairman McCLELLAN. Senator, you know we have just heard Senator Buckley. I think you may have heard some of his testimony and my comments in trying to analyze the situation. Do you think we can fully rely upon the SALT agreement and other negotiations without also taking into account the actions of Russia with respect to a build up in strength?

Senator Moss. Well, I wouldn't rely on the treaty to the point of dismantling our military forces. I think we always have to maintain what I consider a reasonable strength and deterrent force.

SALT AGREEMENT

Now, as long as we have indeed enough of a force to retaliate, I think then we can rely on the other side keeping the SALT agreement and we can strike a balance at a much lower threshold of power than we can without the SALT agreement, so I think the SALT Agreement is worth something, I think it is of value.

Chairman McCLELLAN. I think such agreements are of value, and I don't think they should be treated as mere scraps of paper. I think we should have some confidence in them as long as we have them, but I don't think we can accept them as final and as a definite conclusion that basic problems have been solved.

Senator Moss. I agree with you there, sir.

Chairman McCLELLAN. What I say is that you will have to always watch the deeds of the Russians as we go along, too, and not be maneuvered into something we will regret.

TRADE WITH RUSSIA AND CHINA

Another thing, I think you made some reference to encouraging trade. I agree that we ought to do everything we can to build up trade with Russia and China. I am strong for that.

Senator Moss. I believe in that very strongly.

Chairman McCLELLAN. I think that if we can accomplish that, perhaps this idea they have of conquest—the struggle, that Senator Buckley referred to—may be dissipated, although I have no doubt at the moment that they still are pursuing it as a long-range objective.

Senator Moss. They believe that their style of life is the way of the future and we have not cured them of that, but as we increase the trade, first of all, we can have some economic advantage in it because good trade benefits both partners.

Secondly, it builds in us and them something of a stake really in what is going on in the other country, the ongoing thing, so that the trade continues and we are less likely to want to tear that all apart.

The third thing is that it furnishes us with a lot better intelligence, understanding of what is going on, it works both ways, of course, for them, too, but the most dangerous part it seems to me in the international situation is when we close the barriers and stand apart isolated and our intelligence is limited or under question. So I think emphasis on trade is one of the things we could well give a lot of attention to and I give great credit to the present administration for having opened the doors and started down this road and I think we ought to press it.

Chairman McCLELLAN. Well, I think that is true. I think this administration in that area has done a remarkable job and one that it should have credit for. We have other disagreements with the administration, of course, but I think on that score we have to concede it has done a very good job indeed.

PROPOSED BUDGET REDUCTION

Senator, I just noted here that of the specifics you mentioned, that you would reduce the budget by about $3 billion. The items that you referred to would probably bring the reduction up to $5 billion. It was my idea to get the Senators who testify here to comment and look at it together with the committee to see where we should go. It is easy to make a speech and say, "Cut the military. It is going up in cost. Stop the arms race." But when you get down to doing it, you have to find a place to start with the shears and where you are going to trim it.

REQUEST FOR SENATORIAL ADVICE

This is why I wanted the Senators to come here and help us. I want to cut the Defense budget. I am not here to advocate a military power solely for the sake of being the strongest power in the world, I am here to do only what is necessary to protect our country.

Senator Moss. Well, I agree with that.

Chairman McCLELLAN. There will be honest differences of opinion as we consider this budget, but I hope we can have all of us who are interested in here to talk about it. You can do it better in this fashion rather than waiting until we get on the floor with each Senator suggesting an amendment and then discussing it. I am not prepared for that; they may be or may not be. They might not have all of the facts we have.

Senator Moss. With you, sir, I think we ought to be pinned down to where we are willing to make the cuts and take the responsibility saying that we still remain an adequate deterrent force.

Chairman McClellan. Senator Young, I am sorry. I didn't mean to take up so much time.

Senator Young. That is quite all right, Senator.

RECOMMENDED REDUCTION

Senator Moss, you make an appealing case for your point of view. I think your proposed cuts, as I understand, are $3½ billion.

Senator Moss. Up to 5, I think.

Chairman McClellan. He advocates specific reductions except for one.

Senator Moss. We didn't have that on manpower.

Chairman McClellan. He was not specific about the B–1, but aside from that, the specifics he mentioned would come to $3 billion plus $90 million.

Senator Young. I think some of this amount may be not necessary but $5 billion, it seems, would be very difficult. I might mention I have some differences of view as to how cuts could be made.

F–14

Would you delete all money for the F–15 and F–14?

Senator Moss. The F–14, yes, that would be deleted.

NUCLEAR CARRIER

Chairman McClellan. He would discontinue that and discontinue the nuclear carrier.

Senator Moss. Discontinue the carriers.

F–15

Senator Young. What did you say about the F–15?

Senator Moss. I just dealt with the 14, but not the 15.

Chairman McClellan. This would pose a real problem for us. According to all intelligence reports, the Russian plane, the Foxbat, is a great fighter, for it flies higher and faster than anything we have. But the F–14 with its missiles according to all authorities, I believe could successfully compete with the Russian plane. We have already spent $3,134 million on that plane and we are acquiring in last year's budget 134 on order. To stop it now would be a terrible waste of money, it seems to me. We need more of these better planes to provide proper air defense.

Senator Moss. Well, there are still some problems on the F–14 and I just felt that with the F–4's, which of course are not in performance I guess up to what is hopeful for the F–14, but that we would have a very reliable and effective plane.

Senator Young. It has been a good plane, but it is no match for the Russian fighter and doesn't go nearly as high or as fast.

NUCLEAR CARRIER

One other thing, you want to abandon the nuclear carrier on which we have spent $299 million. We appropriated that much and I sup-

pose the Navy will have obligated most of it. The total cost is $2,300 million. So we have already funded about two-thirds of the cost of the carrier. That again would seem to be unwise for us to abandon a strictly modern carrier for which we have provided approximately one-third of the total cost.

Senator Moss. I can't see the use really of an additional carrier. I regret that the money has been spent and if we abandon it entirely it will be lost, of course. But it seems to me it is more like throwing good money after bad to go on with it. That is unless I can be convinced there was a need for additional carriers. As I say, we have 14 now. I just think that as a weapons system it is probably of not much importance any more.

Senator YOUNG. In that respect we face an entirely different problem from the Russians. In the event of war we have to keep the seas open. They don't. They have a different military problem entirely.

Senator Moss. Yes.

Senator YOUNG. Thank you.

Senator Moss. Thank you.

Chairman MCCLELLAN. Thank you very much, Senator.

DEPARTMENT OF DEFENSE BUDGET

STATEMENT OF HON. BILL BROCK, U.S. SENATOR FROM TENNESSEE

EXPENDITURE IMPACT ON BUDGET CUTS

Chairman MCCLELLAN. Senator Brock, come around, please, sir.

Senator BROCK. I thank you, Mr. Chairman.

I have a statement which I will submit for the record, but for the purposes of expediting your time and mine, perhaps you will allow me to summarize.

Chairman MCCLELLAN. Very well, let the statement be received and printed in full at the conclusion of your remarks. We will be interested in hearing you.

Senator BROCK. Let me recall the previous conversation for just a minute. I have been listening to the previous witnesses and I think it is important to view the so-called cuts in context.

When you talk about a $3, $4, $5 billion cut, you cannot say that that is not going to have a cash impact on the budget this year. Some of these programs carry 8 or 10 years out into the future, so it does not mean that you can translate $5 billion automatically into savings for the taxpayer in fiscal 1974. That is our main problem, so I think we ought to deal with it in that context.

Chairman MCCLELLAN. It does involve ultimate savings, not necessarily what you are talking about, though, because we are discussing how much we could reduce the budget.

Senator BROCK. I grant you that, Mr. Chairman.

Chairman MCCLELLAN. I think that many people tend to become understandably confused over the relationship of appropriations and expenditures, which are in no wise identical in a given year. For ex-

ample, we can appropriate for the construction of an aircraft carrier for this coming year, but that appropriation will not be fully expended for a number of years. This is true of a great many procurement and research and development items, so that although substantial reductions for hardware and research may be made for fiscal year 1974, these reductions will only be fully translated into reduced expenditures over a period of several years.

Another complicating factor is inflation. Because of the rising costs of hardware and labor, an item that is deferred this year will in all likelihood cost considerably more next year, so that in the long run it will not be a savings but an increased cost that the taxpayer must bear.

Senator BROCK. I have seen that happen in this particular body.

Chairman MCCLELLAN. We are talking about reducing the budget. If that is the only goal, without consideration of whether it is a long-range savings or cost, why the question is, "Do you wish to cut some of these items that can be delayed?"

REEVALUATION OF DEFENSE BUDGET WITH A VIEW TO ECONOMY

Senator BROCK. I think that demonstrates the concern that I have with this total discussion. I came in here fully prepared to take sort of a middle ground approach. I honestly believe there are areas where we can achieve savings in the defense budget. But I hope that we do it within an overall reevaluation of the posture of this Nation and its relationship with the rest of the world community.

After World War I, we had a reevaluation then. Unfortunately, I think in terms of leading to World War II, the so-called isolationists won that policy debate and we withdrew from involvement with the world community and withdrew from any military preparedness program and I think that is one of the reasons we got into World War II at such a huge cost.

I think after World War II we had another reevaluation of our world posture and goals and we chose the outward looking view and I think as a result of that, with the exception of Vietnam, by and large we have avoided wars where they could have occurred in the Middle East and other areas and we perhaps have avoided a world war that could have devastated not only this country but the rest of the world in its entirety.

But, what bothers me now is that we are going into the 1970's with our whole debate colored by our tragic experience in Vietnam, a war that caused enormous educational, emotional, economic, and political impact. We still have not evaluated it in its proper context and I don't know if we are debating military security from the point of view of the Russian menace, the Chinese menace, or perhaps the menace of the assault on the dollar itself in economic terms as opposed to raw military might.

DEVELOPMENT OF NATIONAL SECURITY POLICY

It seems to me that if we are going to honestly develop a national security policy, it takes much more than a look at just the defense budget, I think it takes a much broader context and it takes a great deal of stocktaking.

I hear so many people before this committee, and before the public forum, criticizing national defense. They say we just want to cut everything. It reminds me of the child who was trying to get his brother to play baseball and he didn't want to play baseball. He tried to get him to play hide and seek and he didn't want to, so finally he just came up and said "What do you want to do?"

He said, "I don't want to not do nothing."

DETERRENT EFFECT OF B–52

Well, there are some people that almost seem to take that approach about national defense. The B–52 is not going to be a credible deterrent very much longer. It is reaching its stretched capacity and we have to start looking.

Chairman McClellan. As I pointed out a while ago, I asked whether it will be a deterrent 10 years from now.

Senator Brock. That is right and I don't think it will be 10 years from now, not alone 20, as the previous witness suggested. But let's look, if I may, at a couple of the questions that have been raised and what we might do to respond.

RISING COST OF PEACE

First of all in the broad sense, Senator Young was asking about his constituents in North Dakota, how they feel about those missile bases and air bases and everything and they say "What for?"

George Mahon, one of the most able Members of Congress asked the question in the House and said, and I want it exact, he says, "Why does peace cost more than war?"

It is a good question, but you know if you posed it to me as a father you are going to have a quick answer "Because peace is worth more than war. We can't afford war, we can't afford to endanger the lives of our children.

WILL OF AMERICAN PEOPLE

Mr. Chairman, when you say, "Do the American people have the will to sustain an adequate defense posture". Well, I don't know that I can speak for the Nation, but I can sure speak for the people of my State. The answer is "Yes," they will if it is presented to them in those terms.

They are not presented with that choice today. They are being told we have too many brass hats in the military or too many servants for the generals, too many people driving them, chauffeurs and things like that, and they think that is what the debate is about. It is not.

Chairman McClellan. That is what I pointed out when I said, "Do they have the will?" I think I agree with you; they do have that will if they are informed.

Senator Brock. Yes.

Chairman McClellan. How to inform them adequately is the problem. It becomes confusing to them.

Senator Moss pointed out earlier that a general may have enlisted personnel acting as servants and that we can do without that expense. I guess that has always been true to some extent, but whether he keeps

or is deprived of this service does not necessarily relate to the defense of the country, but it is nevertheless something that can be used as an argument for making large reductions.

Senator BROCK. Well, I think there is a danger, if you start looking at just that element of the problem, that you throw the baby out with the bath water.

The question is: What does it take to guarantee that my children are going to grow up in a world without war, without missiles thrown at them from some country, wherever it happens to be? How do we guarantee that your children and mine and our grandchildren have some opportunity to believe they can live in a world of peace?

LOGICAL PHASED DEFENSE POSTURE

Let me just address some of the specific matters that are coming before you. It seems to me, if we are going to convince the American people they have reason to support and make the sacrifice you mention, Senator, we have to sell it to them, not just in terms of overall national security, but also in terms of a logical defense posture.

One thing that bothers me about the current approach to national defense, and I use Triad as an example, we seem to want to do everything at the same time, and that builds in two problems. I think the Triad is a basically valid strategic concept, your land-based missiles and sea-based missiles and airborne capability with the B–52.

If you tried to completely modernize all three at the same time, in the first place you would bust your budget wide open. Perhaps even more of a problem is the fact they might all become obsolete about the same time, so we not only go through a second budget busting cycle, but we run the risk if Congress is not willing to pay the price at that time, that we are going to be posed with a condition of war preparation with an obsolete force of retaliation.

MODERNIZATION OF DEFENSE PROGRAMS

I would very much hope that we could begin to roll in these modernization programs in sequences of one-third so that we take a particular element, if we want to start with the Minuteman modernization, fine, if we want to start with the B–52 replacement, fine, but whatever it is, choose one so we always have one topflight system, absolutely superior to anything in the world.

Maybe the second phase of Triad is a couple of years behind the first, and it will come up to parity with anyone else in the world. The third might be a little bit behind. In other words, let's try, in terms of procurement and development and research, to phase in and phase out these on a more rational and planned basis than we do today.

What that leads to practically is that I think we could begin to reduce perhaps our emphasis on Minuteman III and concentrate on the upgrading of the B–52 and ultimately development of the B–1 up for this particular stage.

Anyway, it is not a matter of my determining which one, but just a matter of saying I think we can do it more rationally than we do. The same thing would apply to the F–14 and F–15 that the previous Senator referred to, though I think we are already beyond the point of staggering that. We have too much money invested in those two planes now to just drop them down the tube.

It would be a horrible waste of the taxpayers' money. So in that instance, maybe we can go ahead with both. But another one would be the close-support aircraft.

Both the Air Force and Army have advocated a new close-support aircraft. The Air Force wants the A–10 and the Army wants the advance helicopter. I think both will ultimately be needed, but why not do one and get it to full procurement status and then go into the other and let it be the followup so we always have a new item coming on line.

Second, with regard to basic policy or procurement, it seems to me that one of our problems has been that we try to buy the absolute best of everything and mass produce it.

MAIN BATTLE TANK

Now we have the question of the Army's requesting a new main battle tank at a cost of $1 million per unit minimum cost.

They are being brought in to replace the M–60, and they want 3,000 of them. I wonder if really in light of the strategic and tactical needs of the country, whether you need to have that many incredibly expensive and sophisticated main battle tanks.

It seems to me that one of the prime things we need is for a very light weapon that can attack the Soviet's capabilities. That is either in the form of an antitank weapon, or a highly mobile and very fast medium or light tank—incidentally, this seems to be the pattern that the Russians are going for at this time.

THE SHRINKING U.S. NAVY

The second area for this so-called high-low approach is in the area of ships.

Our Navy is shrinking very rapidly today, I think dangerously so. Looking at our escorts, we had in this past calendar year 279 escort ships; and in 1974, just next year, we will be down to 191. That is barely enough to protect the fleet, much less protect or control the sealanes and keep the sealanes open for commerce and for our fuel supply.

They are talking about purchasing PF's, patrol frigates, but that is a whale of an expensive ship. It is almost an expensive as the larger DD–396 class.

Why not buy the bare minimum of that sophisticated weapons system and then take a look at the Avondale frigate internationale that is going to cost a good deal less.

We have testimony from the Coast Guard, from Admiral Moreau and from his people, saying that the performance of the Mellon, which is the frigate internationale type, was outstanding in performance with the Navy. He goes on to cite its tenacity and aggressiveness and resourcefulness in heavy combat situations as making an important contribution.

PROCUREMENT

It seems to me that maybe we could try, in looking at this purchase program, to buy a few of the sophisticated weapons systems and back them up with much larger quantities of much cheaper, more mobile and more flexible systems that would be perfectly adequate to do the job.

Why not fill in the gap that we are going to have because of the cost of the F–14, with a much less expensive and lighter weight fighter.

LONG-TERM RESEARCH AND DEVELOPMENT

The Air Force has contracted for research on two planes but announced no plans for procurement. I think that is worthy of taking a serious look at.

Third, it seems to me that particularly in light of the SALT Agreement, we ought to be putting a great deal more money into basic long-term research and development.

Now, I honestly don't believe we have evaluated our defense posture far out enough in advance in these terms. It does not mean that once you come up with a weapons system that looks to be unique and great at that particular point in time in terms of its capability, that you should procure it. Why not do the weapons research necessary, the development programing necessary, but withhold purchase so that that is available for rather short-term procurement when the situation changes to make it more needed.

Chairman McClellan. Would you not have to develop it sufficiently as a prototype and test it?

Senator Brock. Yes, sir, I think you do, but it does not mean going to full-scale procurement because I think it is unnecessary in this particular situation.

BASIC RULES OF SERVICES

Last, I think it is important, in the context of this discussion, to take a look at the basic roles of the various services.

For example, the Navy tells the Marine Corps that they have to buy F–14's, the ultrasophisticated weapons system that it is, and they need it to fight their way onto the beach.

Now, when the Marine Corps has to start worrying about that, they have no business conducting amphibious landings because the fight to the beach is the Navy's function, not the Marine Corps, and the Navy ought to provide that support. They have to get them to the beach and then the Marine Corps ought to have the close support fighter aircraft that would carry them through their operation.

[Discussion off the record.]

Senator Brock. The services are totally together, but I don't think the Navy should force the Marines to do what the Navy ought to do. We have an example in this case where they tell them you have to buy the F–14 instead of taking a look at the A–10 for the Marine Corps or other close support aircraft which will do the job far better for those men on the beach.

USE OF COAST GUARD

Now, I really would like to see a better look at the Coast Guard and its part in the overall problem. I don't think it is properly emphasized.

I would like to suggest that we give it its own Assistant Secretary so they can have a greater input.

PERSONNEL

Similarly, I do agree with one point made by the previous Senator, not many, but one, in which he talked about the topheavy officer situation as being created by current all-voluntary Army and by the departure from Vietnam.

EMPHASIS ON TRAINED NONCOMMISSIONED OFFICERS

The fact that we have so many senior officers is not, you know, it is not so subject to confusion. There is logic to it—the younger enlisted men are leaving the services. But what we are going to have in the future in terms of military capability and national security, we need a much more disciplined and trained corps of noncoms, people that can come in and handle the sophisticated weapons.

ESTABLISHMENT OF MILITARY TECHNICAL ACADEMIES

What I would like to suggest for consideration of Congress, and obviously it is not in this committee's jurisdiction, is that we start seriously considering the establishment of a set of military technical academies, which would be the counterpart of the officers' academies of the Navy and Air Force and Army, somewhat like junior colleges that would provide us with a basic core of highly trained competent disciplined career people, to go into the so-called enlisted grades, ultimately getting into the warrant categories, of course.

DANGER OF LARGE-SCALE CUTS

Well, I have way oversimplified a completely complex and difficult problem but I want to summarize by saying it would be a mistake to say that although I have suggested a number of areas where I think we can make savings and make a good real savings in money, it would be a mistake to take the view that I am necessarily in favor of wholesale slashes of the Defense budget, I am simply not, I think it would be unwise, demagogic and terribly dangerous.

If the kind of reevaluation and stock taking I have suggested were to take place, the result might well be a need for higher budgets.

EFFECT OF SALT

For example, if we were, through SALT and the European MFBR, to pull back our European operations and I am sympathetic to the desire to do so, although I think there is a danger, it might follow we would have to have a need for increasing our amphibious and rapid transportation capability.

It might cost us more money to pull out of Europe than to stay. While I do believe economies can and must be made, I would not be a party to doing so indiscriminately or engaging in demagogic panaceas

Again, a quotation of George Mahon, "Why does peace cost more than war", it is simply because it is infinitely more preferable and I think something that the American people are willing to pay for.

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RESPONSIBILITY OF ALLIES

Chairman McCLELLAN. What must we do to require our allies to measure up to their responsibility?

Senator BROCK. Senator, the nature of alliance is that you can't require, you only ask, and I think we must try to demonstrate a mutual self-interest in that kind of arrangement. It would be absolutely tragic if the Congress of the United States mandated a major withdrawal of our troops in Europe prior to the completion of the mutual balanced force reduction talks that are now scheduled, because I think we are going to achieve a withdrawal.

I think we can do it in a balanced logical and reasonable fashion through a negotiating process. The President has given us incredibly good leadership in the international area in the last 4 years. I don't know of a President that has made so many major breakthroughs in my lifetime as he has done.

I am willing to give him time to develop that kind of program, that kind of negotiating posture, and until those talks are concluded, I hope that Congress will not withdraw from him the power to negotiate for a balanced reduction.

But let's say that the talks break up without any resolution at all. Then what do we do? Let's look at the problem in this context. As you pointed out to Senator Moss, these troops don't cost us any more, frankly it may be a little less in Europe than in this country.

Chairman McCLELLAN. Except that we let them keep their dependents over there. That is one of the extra costs involved that wouldn't exist if they were brought home.

Senator BROCK. One thing that has been suggested, Senator, is we use a much shorter term period for troops over there. If they were only stationed there for 6 months, say, then they wouldn't take their dependents with them.

The dependents cost is a problem that can be addressed without reducing our national security requirements.

CONTRIBUTION TO TROOP COSTS BY ALLIES

Let's say that we can't do it that way for some reason I don't know at this point in time. It seems to me eminently fair and logical for us to insist to our allies that either they pick up the balance of payments costs or we will withdraw.

Now we have that leverage. They very much want us to stay. If they want us to stay so badly, it seems to me they have to be willing to carry the full load, I don't mean in the form of some cheap arrangement of buying U.S. bonds, I am not talking about that. I think with the countries in the world to whom we are providing the cornerstone of their defense posture, that they should pay the extra territorial costs, in other words, the balance-of-payments cost of that effort and we have the right to insist on it.

Chairman McCLELLAN. My feeling is that there is something out of balance now and has been for a number of years. It is time to correct it.

Senator BROCK. You are absolutely right.

FUTURE ROLES OF FORCES

Chairman McClellan. And if our allies are not willing to move in and do the things necessary to balance this situation, I know of no alternative except to convince them by withdrawing. I think they ought to furnish the manpower over there for their own defense.

Senator Brock. Senator, I completely agree with that.

Chairman McClellan. I think we should place our emphasis, of course, upon the nuclear strength that is necessary to serve as a deterrent and we ought to further implement that by a tremendous air strength.

Senator Brock. Do you honestly think the State Department has ever really forcefully presented that case to our allies?

Chairman McClellan. I have serious doubts about it.

Senator Brock. I do, too.

CRITICAL ECONOMIC SITUATION

Chairman McClellan. For all of these years we have protected the whole free world. We have spent tremendous amounts doing so. In recent years foreign aid has come to be a stupid blunder, in my judgment, and it has reached a point where we can no longer continue. When we examine the state of the national debt, the inflationary situation, and the critical lack of strength of the American dollar, it becomes obvious that we can't carry the load.

Senator Brock. We are in complete agreement on that.

ALLIED COOPERATION

Chairman McClellan. They have imposed on us. They have let us carry the burden, or too large a part of that burden that they should have been carrying long ago. And we think they ought to do that now. I would be willing to wait a year or 2 years, if we could get some kind of agreement involving a reduction in our forces over there, where we could bring our personnel home. I would be happy with that. But we must make them understand we are not going to do this any longer.

Senator Brock. I agree with that.

Chairman McClellan. If it takes firmness to do that, I am willing to expect it.

Senator Brock. I am sorry for taking so much time.

Senator Young. I want to commend you for a very fine statement. You take a sort of middle of the road course that might well be acceptable to us.

Senator Brock. I thank you very much.

Chairman McClellan. All right, Senator, thank you.

PREPARED STATEMENT OF SENATOR BROCK

At this point in the record there will appear the prepared statement of Senator Brock.

[The statement follows:]

Mr. Chairman, my remarks today are based upon the premise that it is time now for stock-taking, time for a sober and unemotional reappraisal and re-evaluation of our defense policies, in the broadest possible context.

It may be argued that stock-taking is always in order, and of course that is quite true. Nonetheless, there are certain moments in our national history when such a response is particularly needed, and I strongly believe that we are at such a moment today.

We have just completed the de jure phase, and are about to complete the de facto phase of a war whose military, political, and social and economic ramifications will condition our future policy for a long time to come.

Yet I do not see out in the country the serious debate and the serious thought about the future of the American military which followed, say, the two World Wars of this century.

After World War I, internationalist and isolationist leaders made that discussion the principal focus of American politics, until the unfortunate resolution of the issue in favor of the isolationists.

A generation later, post-World War II America again engaged in soul-searching debate over its role in the world, this time with the internationalist view gaining the upper hand, with the result that American military force grew to become the greatest in the history of the world.

It is important to note, too, that in both instances, resolution of the debate was followed by statesmanlike bipartisanship with regard to the foreign and military policy spheres.

We are now at another crossroads in history, but as I look about, I do not see the serious debate. Indeed, the dominant issue of our military posture threatens to become the matter of how high ranking a military officer must be in order to deserve a chauffer.

At a time when we hold not only the peace of the world, but the very survival of the world in our hands, the situation is impossible.

I intend no criticism whatsoever of the Appropriations, Armed Services and Foreign Relations Committees, whose members and staff deal daily with questions of vast importance. Nor is my criticism directed at the President, whose efforts in the international field must be greatly respected. But beyond the circle of experts, there is no genuine debate, and no genuine understanding.

I have today written to the Chairman of the Committee on Government Operations, of which I am a member, asking for the creation of an Ad Hoc Subcommittee to investigate the problem of national interest coordination to look into the various areas, from energy to economics to the environment, which constitutes the national interest in our complex world. I would like to encourage other committees to consider the national security aspects of their duties in a more systematic manner. Commerce, Treasury, Agriculture, Joint Economic and other committees cannot possibly hope to do their job adequately without such consideration.

Such activity in the Congress can additionally focus the attention of the public on the question of the future of our national security, thereby further contributing to the much needed stock-taking.

It may be inferred from my call for a new national discussion of foreign and military policy matters that I do not believe we already have the answers to the important questions. Such inference is entirely correct.

I am not even sure we adequately comprehend the nature of the threat to our national interests. Is it Russia or China? Is it something less tangible than a nation, is it inflation, a weakening dollar...or someone deliberately weakening the dollar? We desperately need a better identification of American interests, and the threats to those interests.

We also need a better organizational mechanism, in both the Congress and the Executive Branch, but particularly in the Congress, to look at the total question of global, and now even extra-terrestial policy.

Only if we can determine where the pressure points are can we ever hope to devise a new strategy for the last quarter of the century--a strategy adequate to counter the threat.

Consider for a moment the old strategies. In the 1950's, we called our policy "massive retaliation." Perhaps the word "Massive" was ill-chosen and overemphasized, but we should also remember that the real key to the policy was the other word, "retaliation," and that John Foster Dulles called for the exercise of the policy at "times and places of our choosing." That concept was wise, and appropriate to the situation.

The strategy of the '60's was called "flexible response," and in choosing the word "flexible," policymakers added a dimension to Dulles' concept. We should act not only where and when we chose, but also how we chose.

This concept was well-suited for an era in which the Soviet Union had obtained nuclear capability, but sadly, we misjudged the appropriate "response" in Southeast Asia, with results with which we are all too familiar.

If in the decade ahead we can determine the nature of our national interests, and of the threats to those interests, and if we can then devise a strategy for dealing with those threats, we can then engage far more sensibly with the third level, the procurement of the resources to implement that strategy.

The members of this Committee, and the Congress as a whole, of course, are going to have to proceed now, even in the absence of a better definition of the problem, and that is the object of these hearings. Until such time as new determinations can be made then, I would like to offer some suggestions to you, but I would like to do so in a manner which addresses some conceptual ways of looking at the military budget, and relates specific programs to that concept, rather than dealing singly with specific programs as other critics have done.

There are four principal thrusts to my approach:

First, we should develop a staggered phase-in of new programs, and phase-out of old ones.

Second, we should develop a hi-low system where the highest quality, and most expensive items would be supplemented bya parallel program for less costly but adequate-quality items.

Third, we should develop a capacity for capability without production in some areas, proceeding with research and development, but stopping short of costly production until strategic necessity impels further action.

Fourth, we should develop better role definitions for the various tasks of our armed forces.

PHASE-IN

The central idea behind the staggered phase-in approach is that expensive new programs should not be begun at the same time as other expensive new programs. There are two reasons supporting staggering. First, our economic resources may be unnecessarily strained by concurrent development, and more efficiently husbanded by staggered development.

Secondly, new systems phased-in at the same time, are likely to become obsolete at the same time, thereby necessating a second round of budget-busting concurrent development, or worse, a need for combat use at a time when two important systems may be out of date.

Consider the Triad strategic concept, consisting of a manned bomber program, land based missiles and sea launched missiles. Some question whether we need it at all, but I am not one of these. I think we do need the flexibility Triad affords us, but I think we need to devise a plan for proceeding one leg at a time.

In proposing a staggered Triad modernization, I recognize that I am saying that it may be necessary for our defense to be inferior to those of another country in one of the three areas at any given time. But I believe we can reasonably set up a schedule whereby in the worst circumstance we will have superiority in one phase, parity in the second, and a possible slight inferiority in the third. I view this as an acceptable strategic posture.

Unfortunately, we are presently in the process of modernizing all three legs of Triad at the same time. Minuteman II is being replaced by Minuteman III. Polaris is being converted into Poseiden, and B-52's are being refitted and ultimately replaced by the B-1.

Accepting the idea of staggered phase-in, we must set priorities. My choice would be to proceed with one, say the B-52, while cutting back on Minuteman III, and Polaris conversion. This would mean cutting $394 million for the final buy of 136 Minutemen, which money I believe could be better used in research and development in the missile area. It would also mean cutting the last $237 million for Polaris conversion, which

represents the last 5 of the 31 Polaris submarines scheduled for conversion. This money or a portion of it, might better be spent on escort vessels or research and development into anti-submarine warfare.

The B-52's are old and need improvement. Moreover, the missiles being developed for the modernization of the aircraft, SCRAM and SCAD, will be used in the next step of the manned bomber program, the B-1.

The B-1 program, and the Trident submarine program represent the next phase of development in the Triad concept. We do not currently have a comparable program in the third area, land-based missiles, which is one of the reasons I suggest utilizing Minuteman III money for missile R and D. With regard to the B-1 and the Trident, however, I am concerned that we are headed for another concurrent development-concurrent obsolescence cycle. Again, we must do the tough job of establishing a priority, one or the other.

If we apply the staggered phase-in concept to the field of fighter planes, we must make our choice between the Air Force F-15 and the Navy F-14. Both are good, although perhaps somewhat overpriced, aircraft. But we cannot afford to acquire them both at the same time. Similarily, we cannot afford to have them become obsolete at the same time.

In this particular situation, however, I believe we have passed the point of no return, the point at which it becomes illogical to stop a program. Both planes are well along in development, and so I would reluctantly support continuation of both, while at the same time calling for better phasing in future major programs.

A final area in which we may derive benefits from a staggered phase-in program is in close-support aircraft. Both the Air Force and the Army are advocating new craft in this category, with the Air Force seeking the winged A-10 plane, and the Army wanting a new Advanced Attack Helicopter.

Both may ultimately be needed for flexibility, but both should not be undertaken at the same time. Why not proceed with the A-10, and delay the Army's helicopter until the A-10 has become fully operational? I would note that the Army does have the still-effective Cobras, while the Air Force does not have a good support aircraft.

HI-LO

Everybody wants to have the best of everything, but I believe that our military procurement policy should develop a hi-lo procedure, whereby we would be assured of having some items of the very highest quality, while at the same time filling the gaps with less costly items of adequate quality. I am compelled to this viewpoint not only on economic grounds, which are probably sufficient in themselves, but also because of my overriding concern for flexible capability in our retaliation resources. And, I believe there are a number of areas where the hi-lo approach will increase that flexibility.

Consider, for example, the question of tanks. The Army is requesting funds for a new main battle tank, the XM-1, which according to some reports will cost a million dollars per unit. While the XM-1 will not be brought on in a one-for-one trade for the present M-60 series, the Army plans to build over 3,000 of the new weapons. Why not consider a parallel program of lighter (and cheaper) tanks? The Soviets, who know a good deal about tanks, are building medium and light tanks, and I believe that future military tactical situations may well show that there are many situations in which a lighter tank or even a very mobile anti-tank weapon may prove more valuable.

As you will note, I am not suggesting abandonment of the XM-1 program. I am instead suggesting a hi-lo program of limited production of the big tanks and parallel production of a lighter item. Both economy and flexibility are served by this approach, while, at the same time, we would have heavy tanks available for use if a tactical situation, such as the one the Israelis used to such fine advantage, should develop.

A second area where a hi-lo approach is called for is ships. At a time when the Soviet Navy is expanding, at a time when the merchant fleet is expanding, at a time when our dependence on overseas energy is becoming acute, our Navy is shrinking and one reason is simply the cost of ultra-sophisticated ships.

In 1972, the Navy had 279 escort ships, by 1974, they will have only 191 escort ships barely enough to protect the fleet, much less the sea lanes and merchant fleet.

I am pleased to see the Navy planning to purchase 50 patrol frigates, PF's, but I wonder if this will be the smaller, cheaper, ship we need. Cost estimates are up to approximately $50 million which makes them as expensive as the larger DD963 class destroyers.

We need a 'lo-' to fit with the DD-963 'hi'. And, perhaps private industry might be producing the answer. Avondale is building a "Frigate Internationale" that is scheduled to cost under $40 million.

One of the reasons for the lower cost is that they are being built on an existing hull, the Hamilton Class of the Coast Guard. Would this be a good ship for escort duty? Coast Guard Admiral James W. Moreau writes after exercise with the Navy: "The performance of Mellon while serving with the Navy as a destroyer type unit during ASWEX RIMPAC 72 was outstanding. I observed with pride her enthusiastic and professional performance in the fast-pace multi-threat and multinational environment. The Mellon's tenacity, aggressiveness, and resourcefulness in heavy ASW combat situations throughout the exercise was an important contribution".

If the "internationale frigate" is produced by Avondale, why not take a long, hard look at this ship and perhaps authorize the Navy to purchase one for a 'try before buy" runoff with the fleet?

The hi-lo concept may also be applicable to our fighter plane requirements. With the increased costs of the F-14 and F-15 fighters, I do not believe we can afford the quantity needed. We could fill in the gaps with a less-expensive, lightweight fighter.

The Air Force has contracted for research on two such planes, but they have announced no plans for procurement. I think the research underway should be closely studied by the Air Force, and by the Congress.

CAPABILITY WITHOUT PRODUCTION

Closely allied to the hi-lo approach is the concept of capability without production. Our superiority at the highest level of technology is one of the most reassuring aspects of our defense posture vis a vis the rest of the world. We must never allow that valuable asset to be diminished, for as we look to the future, it is advancing technology that holds the key to military superiority.

Therefore, I strongly support research and development programs in wide areas of activity. I do not believe, however that it follows that every good idea which is developed ought automatically to be turned into hardware.

There are many items whose existence in the development stage may be sufficient, without our committing additional billions of dollars to production unless the situation should require it.

In this regard, I have mentioned several areas previously, in particular my proposal to turn Minuteman III production ;money into R and D money for future land-based missile technology. I further believe that we should engage in research into the possibility of an eventual need for extra-terrestial defense capability. Here, international treaties expressly prohibit procurement, but that does not mean that we should not be prepared for the violation of those treaties by others.

DEFINITION OF ROLES

In several areas, I fear that the roles of the various services, and of other operational aspects within the services, has become unclear. We need to sort these things out, and establish some clear guidelines.

For example, we need a better definition of roles in our air missions. A glaring example of this is the fact that the Marine Corpos is contemplating purchasing some ultra-sophisticated F-14's. It would appear that the Marine Corps needs these now to "fight their way into the beach", but when the Marine Corps has to start worrying about that, they have no business conducting an amphibious landing. Fighting to the beach is a Navy function. What the Marine Corps needs is a good close support aircraft, perhaps of the A-10 type.

With the all-volunteer armed forces and changing social and world conditions, we might find that the Coast Guard will have to take on some new roles. With the decline of the Navy's vessels, the Coast Guard might be the force that has to guard our coast, the increase in merchant fleets will require the Coast Guard to reasses their role.

And, most important, after the extremely important Law of the Sea Conference that will be held next Spring in Chile, there will probably be new definitions on sea boundaries, pollution, fishing rights, etc., that will give the Coast Guard new responsibilities.

For this reason, I am introducing a new bill authorizing a new Assistant Secretary for DOT for Coast Guard Affairs in order that the Coast Guard will have a greater input.

We need new thinking too about the role of manpower in the modern military situation. Our current forces are top-heavy with senior officers. The Navy has approximately one Admiral and 10 Captains for every ship, which is patently absurd. Similarly, stafffs have grown out of proportion to real needs. Clearly, with the tremendous advance of communications, the need for large staffs has diminished.

One need that has measurably advanced is the need for more highly educated technicians. For that reason, I would suggest the establishment of a set of Military Technical Academies, similar to junior colleges, which would turn out highly trained noncoms who could make a real contribution to our defense needs.

Similarly, changing technology calls for changing concepts with regard to the leadership roles for senior petty officers.

Finally, in the area of procurement policy, we need a new hard-headed look at our methods. I have introduced legislation to create a new Office of Procurement Policy within the Executive Office of the President in an effort to increase efficiency, clear away red tape and save money.

CONCLUSION

I have today suggested a number of areas for cuts, and a number of procedures which I feel would save money. It would be a mistake however, to take the view that I am necessarily in favor of wholesale slashings of the defense budget.

If thekind of reevaluation and stock-taking I have suggested were to take place, the result might well be a need for even higher budgets. For example, if we were, through SALT and European MFBR, to pull back our operations, it might follow that we would have a need for increasing our amphibious and rapid transportation capability.

So while I do believe that economies can and must be made, I shall not be party to doing so indescriminately, nor to demogoguery on the subject.

Congressman George Mahon has asked, "Why does peace cost more than war?" It is a good question, but I for one am prepared to pay more for peace than war, for I regard it as infinately preferable. My goal, and I believe the goal of all of us, is to see to it that the price we pay for peace pays off.

Thank you.

STATEMENTS BY VARIOUS SENATORS

Chairman McCLELLAN. A number of Senators indicated their desire to testify today but were unable to because of other commitments. They have provided statements, however, which will appear at this point in the record.

[The statements follow:]

STATEMENT OF SENATOR JAMES ABOUREZK

I am here today to express my deep concern with the proposed Defense Department plans for the Trident submarine. I thank the Chairman and the members of this committee for allowing me the time to express this concern.

Since the inception of study into a further Undersea Long-Range Missile system, Congress has supported the program as a hedge against future threats to our Polaris/Poseidon submarine force and as a future replacement for our present missile-firing submarines as they are retired. I wholeheartedly associate myself with this belief and I believe that a continued and even enhanced sea based deterrent provides the most capable element in preserving our strength and maintaining the credibility of our deterrent in the future.

Present Pentagon plans call for almost half of that strategic deterrent to be sea based. Original Navy intentions to strengthen those forces called for 1977 deployment of the Trident I missile in our current Poseidon submarines. However, according to recent Navy statements, for reasons of economy those plans have been dropped. The Navy now plans to accelerate development of Trident submarines and deploy the Trident I missiles only in the new submarine in 1978, thereby delaying Trident I deployment almost one year.

The initial Trident program was accelerated last year reportedly in response to intelligence estimates of a Soviet buildup of its fleet of ballistic missile carrying submarines. Subsequent reports have shown these projections were in error as construction of the Soviet subs has slowed substantially and deployment is well below the figure originally projected. Moreover, no claims of breakthroughs have been made in anti-submarine warfare (ASW). There is now little doubt that current subs will be free of any significant threat through this decade. While the potential threat of ASW and the Soviet buildup of their SSBN fleet are grounds for serious concern, they do not justify an accelerated new submarine construction program at the present time.

Defense department spokesmen consistently estimate that the development of a new submarine system requires long lead times of six to seven years. Most probably, this estimate is correct. However, knowledgeable experts have also insisted that no new Soviet ASW breakthrough could possibly be actively deployed until well into the 1980's. Given these estimates and deducting the six to seven year lead time, the timing of initial development should not be 1973 but rather 1976 or '77. Additionally, given the proposed development of the lead ship, the six to seven year lead time could be drastically reduced. Therefore, we could delay for up to three years any significant decision on development and still have a new submarine fleet by the early 1980's.

One question which should rightfully be considered now, for fiscal 1974 planning, is how we can insure the viability of our present deterrent strength and even enhance that strength during the operational years of our currently deployed fleet. That question can and should be answered with every consideration of feasible alternatives.

First, we can dramatically increase the capability and survivability of our subs by increasing the range of our sea-based missiles. The greater ocean area in which they could subsequently operate provides virtually an insurmountable problem for current ASW techniques. The Trident I backfit program offers this alternative and should be implemented as soon as development time will allow.

Second, we must continue in our efforts to enhance our present capability through an aggressive modification program. Advantages such as quietness of operation and reduced maintenance time will offer continuous improvements without serious committments to developments of new design.

Another question which deserves equal consideration is what the future characteristics and design of our follow-on SSBN fleet should be.

Accordingly, Congress should insist that we avoid being locked into a specific design for our future submarines. Only in maintaining the ultimate in flexibility, can we insure continued viability to future threats. It is totally

illogical to invest billions of dollars in a design which is proposed to counter a threat before that threat exists. We have no way of knowing whether such a design would be capable of meeting a new threat, or even if that threat will surface during the life-span of deployed subs incorporating that design.

Secondly, it is essential that the deployment of our follow-on fleet be allowed every possible geographic advantage inherent in the location of a new base. Full cognizance to all hypothetical threats by ASW warrants additional consideration. To confine our submarines' entry into the ocean for transit to their stations to an exit from a relatively narrow straight as presently proposed with the Bangor, Washington location, can only serve to jeopardize survivability and enhance the threat of successful ASW activity. Additional study and continued dialogue on the future basing of a new submarine fleet is essential in determining a strategically secure and operationally sound base.

These, then, are the main questions which call for consideration during fiscal year 1974 - not whether we should build four totally new submarines before 1977 to meet some unknown, hypothetical threat.

We must acknowledge that our present Polaris/Poseidon submarines will one day have to be replaced. That these subs will one day require replacement cannot be disputed. While it is probable that these subs will continue to work

effectively for over twenty more years, a continuous effort must be maintained to develop a superior replacement by 1990. In consideration of the long lead time required to deploy a follow-on for these subs I enthusiastically support a strong and viable program for a continued development of that replacement.

I do not believe, however, that the proposed Trident program, as presently structured, is the best approach. Accordingly, I oppose that program and wholeheartedly support the recent recommendations of the Senate R & D Subcommittee. I believe that these recommendations are not only consistent with the objectives stated above, but also that they present a more reasonable approach in insuring the long-term survivability of our sea-based nuclear deterrent.

1. Approximately $536 million dollars of the pending Trident request is earmarked for the Trident I missile system. This funding should be fully approved. Development on this missile together with the current modifications to our present submarines will significantly enhance the survivability of our fleet against all forseeable threats in this decade and beyond.

2. The Navy should resume its original plans for the backfit of the Trident I missile into our current fleet in 1978. This plan would allow complete flexibility in planning operations. In addition, it would give our present fleet virtually the total advantage presently offered by

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the Navy's proposal for new submarine deployment. Should the situation warrant, the backfit schedule could even be accelerated. In the absense of any major change in the ASW threat, however, the new missile and our current submarines will remain an integral part of our sea-based deterrent well into the 1980's.

3. The Navy should continue to accord high priority to its current "SSBN Defense" program. Such a program which identifies and develops suitable counters to new ASW techniques which could jeopardize our Polaris and Poseidon fleet is essential. The knowledge obtained from this program is necessary in the continued preservation of the invulnerability of our current fleet.

4. I oppose the 1978 IOC of the first Trident subs as inconsistent with both reasonable strategic objectives and sound fiscal policy. It cannot be conclusively demonstrated that the imposed threat by ASW is sufficient to warrant the dramatic acceleration which the Navy continues to propose. Furthermore, the cost of acceleration as shown in this report cannot be accepted on sound fiscal grounds.

I do support, however, a slowed continuation of the Navy development of the "lead ship" in the Trident submarine construction. A substantial investment in such development is already underway and the continuation of this development should not be negated. We can thereby continue to improve our capability in the utilization of all technological advances without being subject to the consequences of costly

design changes incurred by a whole fleet of subs. We could correct the inevitable problems inherent in first-time construction in a much more orderly manner without the effect of the stringent pressures of time.

In supporting the continuation of the lead ship development, however, the Navy should defer for at least one year the decision to further accelerate development of the Trident submarine fleet. Navy SCN funds would continue to be used, but at a slower rate than is now scheduled. Under this option, IOC of the lead ship would follow the backfit of our present subs by two years being completed in 1980. In addition, we would continue to benefit from a far greater flexibility in response to changing circumstances.

We do not know at this time what direction the discussions of SALT II will take. Certainly, however, with our current agreed numerical limitations on our SSBN's, further talks and subsequent agreements can be expected. It makes little sense to commit ourselves to a system which could restrict us in productive negotiations for further bilateral disarmament. Additional time will allow a much clearer prospective for future agreements on the numbers of tubes and limitations on ASW activity.

Also, this option will allow a substantial diversion of funds for other Navy surface ships which according to Navy testimony are now so urgently needed.

We may find that in fiscal year 1974, it may not be necessary to pursue deployment of our Trident subs, because of situation changes. One year's perspective will allow a more reasonable, enlightened decision on the need for further Trident deployment. If SALT negotiations proceed well, the Navy timetable for a new submarine construction program should be determined both by changes in the ASW threat and the eventual need to replace our current submarines. Such a program should be undertaken in sufficient time to meet any changes in the ASW threat.

In addition to the specific recommendations of the Senate R & D Subcommittee, I strongly feel that three additional recommendations are urgently warranted.

1. During the next year both the Department of Defense and the Congress should conduct an in-depth review of alternative locations for future submarine bases. Additional attention needs to be focused on the Navy's present plans to deploy submarines from their proposed location at Bangor, Washington. It should be clearly demonstrated that such basing will not jeopardize the survivability of our submarines and furthermore, offer increased advantages over other locations. Accordingly, the decision to authorize the $192 million now requested for the Bangor base should be deferred until the successful completion of these reviews.

2. The issue of restrictions on strategic ASW operations should be placed high on the SALT II agenda. Our sea-based missile submarines must continue to remain invulnerable

to any new ASW breakthrough. It is only counter-productive to continue to develop ASW techniques which would only be negated by further design and development of new submarines. We recognize that due to limitations on verification, restrictions on ASW research is impossible. It should not be impossible however, to negotiate verifiable restrictions on actual deployment of strategic ASW systems on the use of such systems if they are deployed.

3. Recently the Senate unanimously declared that "the United States and Soviet Union should, on an urgent basis...seek agreement on specific mutual reductions in their respective expenditures for military purposes..." Such a declaration demands adherence. Certainly acceleration of the Trident submarine is presently proposed cannot be donsidered justified in light of this intent.

Congress should call upon the Defense Department to abide to the letter and spirit of this statement and the six agreements on disarmament we have already signed in our negotiations with the Soviet Union.

I respectfully ask the distinquished members of this Committee to adhere to the recommendations of the R & D Subcommittee regarding the Trident funding and to carefully consider the complimentary recommendations as they have been presented here. Only in considering this approach can we insure a strong and flexible sea-based deterrent in the remaining decades of the twentieth century.

STATEMENT OF SENATOR LAWTON CHILES

Mr. Chairman and Members of the Committee:

I want to thank the distinguished Chairman for the opportunity he's given members of the Senate to present their views on the fiscal '74 defense appropriations. This is an action that does much to ensure the Subcommittee a broad range of input on this important bill.

Mr. Chairman, I am not here today to argue the merits and demerits of any particular major system or defense project. I am not here to express my views on the F-15 or the B-1 or the F-14 or the Phoenix missile system. I realize each of these major programs demands and receives detailed, exhaustive attention from you and the Committee staff, and this is as it should be for effective Congressional review.

The task of reviewing literally hundreds of research and development and procurement projects alone is an awesome task that, I am sure, strains the time and attention each of you can devote to the defense appropriation. I know that in the FY 74 defense request there were 33 separate weapon programs that each required $100 million or more. Six required better than $500 million and two more than $1 billion. You have done an admirable job of facing up to this huge task.

For those of us outside the Armed Services and Appropriations Committees, the situation is equally difficult: it is in my view, nearly impossible to grasp the major defense priority decisions in DOD's money bills and to feel we are effectively participating in the key, tough policy choices. I believe this situation at least in part is caused by some basic procedures the Executive Branch uses to propose the defense budget.

After serving as a member of the Government Procurement Commission, I

am convinced that unless we have a more workable framework of missions that we are trying to perform, we cannot hope to effectively control defense programs and the defense budget. Unless we get all the programs and projects collected into sensible groupings related to their common end-purpose, we cannot intelligently question the merits of any one. And unless we grasp the very early stages of program evolution, the stages that may use only 5% of the money, we cannot control the remaining 95%. Briefly, the thrust of my argument before you this morning can be summarized in two statements:

1. Congress needs a clearer picture of what separate public needs the government is trying to satisfy. We don't have the kind of information we need at the beginning stages of programs. And it is at those beginning, R & D stages that key decisions are made which eventually control programs, priorities and billions of dollars.

2. We can get the information we need by requiring O.M.B. to prepare an additional budget aid for Congress' use which would sort out and collect in sensible groupings all the agencies, programs and activities we are financing. This would enable Congress to determine at a glance who is doing what--so we can more effectively decide whether we should be doing it at all. My bill, S. 1414, makes this demand on O.M.B.

I believe that before we can address the dozens of major programs in the defense budget we must first understand how each is intended to meet a specific defense mission. Nowhere are the end-purposes for all these products and activities spelled out in a cohesive picture. And we are all well aware, I believe, that dividing money among the military departments is a largely meaningless control because their missions are uncoordinated

and in many cases overlapping.

Nowhere do we see all the major systems and activities being paid for to meet common defense objectives. Tha annual posture statement by the Secretary of Defense makes a crude attempt at such a presentation under ambiguous categories like "Tactical Air Forces" but even these are not used as a basis for budget control and decisions on activities and programs.

Let me use the F-14 program as an example, a program that has been a headache for the Congress, the Navy, and a tragedy for the taxpayer. Except for an examination of alternative prototype aircraft like the F-15N and Lightweight Fighter, the F-14 is argued in isolation. Do we clearly understand that the mission of the F-14 is basically fleet air defense? And, with that understanding, do we see that we are paying for many other programs to do the same job at the same time? Do we know how much we are paying to provide fleet air defense capability when we scatter dollars and attention to the Aegis surface missile system, Improved Point defense missile systems, Sparrow and Phoenix missiles, F-4J's, Tartar, Terrier and Talos improvements?

I think the answer, in all fairness, must be a qualified "no" because we are not provided by the Executive Branch with a framework of defense missions to guide our deliberations. If we had such a framework, we would see the F-14 problem and the defense budget in a different way. We would see information on the long-term budget implication of ten separate programs--all devoted to the fleet air defense mission-laid out over time. We would see the F-14 as only one contributor to the FAD mission which is what we are interest in, in the first place. The F-14, according to an internal study by the Center for Naval Analyses, is a relatively poor contributor for the dollars expended but the Executive Branch, of course,

prefers to argue each system separately and to fragment our attention and appeal to narrow issues and interests.

The important choices are not for or against the F-14 but how much we want to spend for a defense need and how much capability we need to meet defense strategy and policy obligations. Do we need to buy a level of fleet air defense capability to permit the 7th fleet to conduct strike operations 100 miles off Vladivostok? Do we need to, therefore, buy duplicate defense-in-depth from area defense systems like Aegis, air defense systems like F-14 and point defense systems like Vulcan-Phalanx? How high a Soviet missile threat do we plan to expose ourselves to? These are the choices denied us in Congress; these are the choices that control defense spending and priorities. And these are the choices, when overlooked, have left us almost impotent in dealing with the Federal budget.

Mr. Chairman, I think both your Committee and each Subcommittee ought to have at its disposal a clearer and more specific presentation from the Secretary of Defense on exactly

1) What defense missions are being performed
2) Which programs of what services contribute to each mission and
3) How much all these programs add up to in terms of total mission cost over the next ten years: for RDT&E, procurement, operations and maintenance.

I think the Congress ought to see the appropriations bill reconstructed on the basis of defense missions so that these defense priorities are presented to us as clear and hard choices on the floor. Without this framework of budget information, we will persist in a condition that the Procurement Commission described as follows:

"Congress and agency heads have become so burdened with detail that they have not been effective in carrying out their respective responsibilities. Congress often cannot act as a credible and sensible check on an agency because acquisition programs provide no handles to enable Congress to interrelate the purpose of new systems and the dollars being spent on them with national policies and national needs. Instead, data is presented to Congress in 'traditional' forms, inviting attention to already defined products and to annual budget increments that finance development and production. From many points of view, this information is useless as a basis for effective congressional review."

Again, to summarize, it is the early key decisions that kick off a new acquisition program. And these are submerged at lower echelons in the Executive Branch. The determination of a need and the best system to do the job all gets done without our appreciation and with relatively small sums of R&D money to begin with. And after these decisions are made, Congress is locked in with little flexibility.

The Procurement Commission found that new weapon programs often start because one of the services feels they "need" a new aircraft or missile without adequate attention to why, what military mission capability is to be upgraded, how much it is worth and its relationship to other programs being proposed or in being to accomplish similar purposes.

In defense appropriations, Congress never gets the chance to make a real decision until we reach the high money figures -- until we are "locked in" in an expensive program. For example, although the AH-56

Cheyenne helicopter appeared for large-scale funding in 1965, it began years earlier in exploratory development under a project titled "aircraft suppressive fire." Another project called "air mobility" also helped finance this early armed helicopter exploration. In about 1963, the project listed as "aircraft suppressive fire" and in 1964 became an engineering development activity identified as the "aircraft suppressive fire system." This was changed later to "weapons helicopter" and still later to the "advanced aerial fire support system." With each change, the identifying project number was changed. All this meant that the cost and capability were locked in and left little choice.

The F-14 is another excellent case where lack of front-end visibility means loss of back-end control. The man who headed the Source Selection for the F-14, and verified its cost, performance and schedule, did so in the Naval Air Systems Command in 1968. The F-14 was locked in on paper from NAVAIR, up through NAVMAT, the CNO, the Secretary of the Navy and the Secretary of Defense. I thought it was supremely ironic to have this same man come up five years later to testify before the Tactical Airpower Subcommittee and tell us that we really have no choice but the F-14 and the answer is to simply buy more of them and buy them faster!

By now it may be too late to develop alternative aircraft. To reinstate competition between alternatives now appears too costly. Congress should have insisted upon alternatives in the first place when all the F-14 assurances and guarantees on a paper airplane were being peddled to us. And, today, we should be taking a careful look at all the other programs that meet the same mission of fleet air defense, including surface systems.

Time and again we have not been asked to sign off on the problem to be solved but instead have signed off on DOD's predetermined solution.

My concern for the FY 74 defense appropriation is largely a concern over the form of the basic information we receive, the way we choose to digest it, and the budgeting structure we then use to control it. And though I have tried to spell out this visibility problem in my statement with special regard to Defense, this lack of Congressional visibility extends over all other areas of the Budget as well.

My proposal, S. 1414, is a direct outgrowth of my work on the Government Procurement Commission. Our review of the practices and policies for spending $60 billion each year revealed one fact that's of overriding importance to Congressional Budget control. All the best plans, procedures, and organizations---all the painstaking effort your Committee as well as Congress as a whole exerts will be undercut if we don't have the right kind of information from which to make key decisions that control programs and priorities.

S. 1414 would require O.M.B. to make this additional information available.

I hope my examples have been graphic enough to explain the need for this Congressional mandate to O.M.B. I believe that with that information this Committee will be greatly assisted, and indeed the whole Congress will be in a better position to make key decisions and exercise better control.

I am submitting a copy of my bill, S 1414, for your consideration.

Again, I very much appreciate this opportunity to appear before you.

STATEMENT OF SENATOR WALLACE F. BENNETT

Mr. Chairman: As we consider the Defense Department's proposed budget for fiscal year 1974 of $85.165 billion, I believe that we should keep several facts in mind. First of all, we must be aware that for FY1974, defense's share of the total budget is only 30.3%, the lowest it has been since 1940. Although next year's defense budget represents an increase of $4.1 billion over this year's, the real buying power of the defense budget is the lowest since 1951.

As we move away from the Vietnam War, there are many who call for a reordering of our priorities from defense spending to social programs. Next years budget calls for a $15 billion increase in non-defense spending; an increase more than three times as large as that of the defense budget. When we examine the trends, we see that while defense spending has grown by only $1 billion from 1968 to 1974, non-defense spending has grown by $94.1 billion, or more than all of next year's defense budget. The defense budget for FY74 represents only 6.0%of the G.N.P., as compared to 9.4% in 1968. Obviously, the priorities have already been reordered.

Before we try to make across-the-board cuts in next year's defense budget, we should be aware of the needs and character of our military forces. In 1974, military personnel will be down to about 1.6 million or 1/3 below the 1968 level. This is the lowest level since 1950. Yet, because of rising manpower costs and inflation, personnel costs take up an increasingly large portion of defense outlays. In 1968, manpower costs took up 42% of the defense budget, while these costs will account for about 56% of the FY1974 budget. This is an increase of 14% while personnel has been cut by 1/3. The military has been hit hard by the rising cost of manpower and inflation.

As we move towards the all-volunteer force, we should be aware of the changes that will be necessary. Of the previously mentioned $4.1 billion increase over last year's defense budget, $3.2 billion or 78% is to cover pay increases. The nature of a volunteer force calls for the ability to attract and retain a highly skilled force in which quality makes up for fewer numbers. Once a balance is achieved between military and civilian salaries, we can expect this increase in military spending to level off.

As we enter what will hopefully be an era of lasting peace, we must not be deceived into thinking that peace is already here. Certainly, the armed forces of the United States have played a significant role in acheiving the detente which we have today. At present, there is approximate parity between the forces of the United States and those of the Soviet Union, with Soviet numerical advantages offset by a superior United States technology. The recent advances in the Strategic Arms Limitation Talks put a limit on the quantity, but not the quality of our strategic weapons. This condition places great importance on technological change, especially for the United States. The time lag involved in the implementation of new technologies makes it imperative that we do not find ourselves outdated by sudden technological improvements on the part of other nations.

In the current climate of parity and detente which exists between the superpowers, the threat of nuclear attack and response is perhaps not as credible a deterrent as it was in the past. This is especially true given the recent agreements with the Soviet Union. In this climate, we must maintain a broad range of military options if we are to deal with the complexities of the world of

today. It is certainly naive to believe that the risk of escalation to a strategic nuclear war will always deter aggression by conventional forces. If the United States military force is to continue its successful role in maintaining world peace, we must have an efficient, well deployed conventional force to deter aggression on that level, and to provide the responsiveness and the flexibility which the current world situation calls for.

If there is one thing that worries me, it is that we have let our conventional weapons systems fall by the wayside. During the recent conflict in Vietnam, funds that would have been used in research and development necessary to maintain the superiority of our weaponry, have been swallowed by the costs of that conflict. I am pleased to see that the FY1974 budget calls for increased spending in research and development and modernization of our general purpose forces. For the last ten years, that portion of the defense budget which has increased the least, is that part allocated to weapons development. The new systems being planned for next year, such as the Trident, the F-14, and the B-1 bomber, should do much to revitalize our general purpose weapons systems. Those who disparage these programs, saying that current weaponry should last another 20 years, fail to consider the military effectiveness of these weapons, as well as their cost-effectiveness.

Although the current fleet of nuclear submarines could remain seaworthy for another twenty years, the cost ofkeeping them afloat that long would not be cost-effective. This is true for other weapons systems as well. Substitution of new weaponry is also a hedge against future technological developments in other countries. The B-52 bomber, for example, was originally designed in 1948. To think that we could depend on this basic aircraft type through the 1980's would be like fighting World War II with World War I planes.

I hope that we will keep these things in mind as we consider the FY1974 defense budget. If the past years have shown us anything, they have shown us the success of bargaining for peace from a position of strength. Economies which would weaken the position of the United States and the fabric of world peace, are deceiving economies which this nation can not afford.

Thank you very much.

STATEMENT OF SENATOR J. W. FULBRIGHT

Mr. Chairman, I appreciate your invitation to submit to the Committee on Appropriations my views on the pending defense budget.

I believe that your Committee's consideration of the appropriations for military purposes is of extreme importance, particularly in view of the fact that fiscal year 1974 budget, as proposed by the President, continues to be dominated by military spending. In view of the compelling need to limit overall Government expenditures and of our serious economic problems, I feel that it is imperative that significant reductions be made in the military budget request.

First, it is important to dispel the myth that military spending is not the major component of federal spending. The Administration has claimed that such spending accounts for only 30 percent of the total and that expenditures for "human resources" are now the largest portion of the budget. This deceptive claim is largely based on the inclusion of the social insurance-medicare trust funds under human resources. Yet, the Government

simply acts as a trustee for these funds, which constitute about one-third of the budget and which can only be used for specified purposes. The Administration has no real discretion as to how they are spent.

Instead of being only 30 percent of the total proposed budget, military related spending actually accounts for about 44 percent, or 65 percent of the budget excluding the trust funds.

It is important to keep in mind that the appropriations which your Committee is considering are only a portion of the military-related expenditures of the Government. Earlier this year I asked the Congressional Research Service of the Library of Congress to attempt to develop a more precise indication of the amount we are spending for military and military-related matters.

According to the report I have received from the CRS, an estimated 78 percent of the public debt is "defense generated." In arriving at this figure, the following process was used:

Defense related outlays were assumed to include all outlays for the national defense function, all outlays for the veterans benefit and compensation function, and the percentage of interest outlays related to the accumulated defense generated public debt. All outlays were expressed as a percent of the Federal funds basis of the budget -- all trust fund outlays omitted -- since the increase or decrease in the

public debt is controlled by the deficit or surplus in the Federal funds.

Using this basis of calculation, the portion of the interest on the national debt generated by present and past military and war expenditures will be $20.4 billion in fiscal 1974, out of a total of $24.7 billion.

The CRS analysis, based on the President's proposed budget for fiscal year 1974, lists estimated spending for the "national defense function" at $81.1 billion, and other "outlays -- partially or fully generated by or associated with defense activities" at $33.8 billion. The major components in this category are veterans' programs and interest on the war or defense-generated portion of the debt. Veterans' programs should not be cut. These are obligations of high priority. I list them simply to show how costly the wars have been.

Therefore, the total for military and military-related programs is almost $115 billion. This total does not include the National Aeronautics and Space Administration -- $3.1 billion -- or civil activities of the Department of Defense -- $1.6 billion for the Corps of Engineers, and $4 million for the Panama Canal. If these figures were included, the total for such programs would be $119.5 billion.

The Joint Economic Committee, in its 1973 joint economic report, includes a "national security budget" which it describes as an effort to explain to the American taxpayer the full cost of defense-related activities. The committee

estimates 1974 outlays for such activities at $116.1 billion and the requested budget authority for 1974 at $122.9 billion.

The reports of the Library of Congress and the Joint Economic Committee make clear that we are spending much more for military and military-related matters than is generally acknowledged. The manner in which the budget is presented and all the misleading talk about "human resources" gives a very deceptive picture of how our tax money is actually spent.

Our military expenditures have continually distorted our budget toward arms and war and away from those vital areas of human need and community development which are dependent on support from tax funds. It is particularly regrettable that following the end of the war in Vietnam and the improvement of relations with China and the Soviet Union, the President proposes a significant increase, rather than decrease, in military spending. As I stated earlier, there is a compelling need to limit Government expenditures and I believe significant reductions must be made in the military budget request. I will mention some of the areas where I feel cuts should be made.

I Southeast Asia

The Administration has requested some $3 billion in budget authority for Southeast Asia military costs, including funds for the South Vietnamese and Laotian forces and for United States forces in the area. There is no justification for continuing American military presence in

the area and for our continued involvement in military operations in Indochina.

Recent votes in the Congress have reflected what I believe is the overwhelming sentiment of the American people in opposition to any furtherance of this tragic and costly episode in our history.

Any appropriations for Southeast Asia military costs should be consistent with Congressional actions in this regard. I refer specifically to the passage by the Senate of the Foreign Military Sales and Assistance Act, which authorizes one-for-one replacement of arms and munitions for both South Vietnam and Laos in accordance with the provisions of the Vietnam and Laos cease-fire agreements. Replacement would be provided on the basis of lists previously filed with the respective international control commissions. General subsidization of the South Vietnamese or Laotian forces is not authorized.

Additionally, Congress approved the amendment which would prohibit the continuation of hostilities by United States forces anywhere in Indochina after August 15.

In view of these actions there should be substantial savings, and I would recommend that the requested funds for Southeast Asia be reduced by at least $2 billion.

II Overseas Military Facilities and Troops

One reason our financial house is in such disorder is the accumulated effect of many years of overcommitment

abroad. For too long the United States has lived beyond its means abroad, maintaining vast military forces and bases and lending and giving away our resources. The $50 billion balance-of-payments deficit we have incurred over the last three years is directly related to our over-commitment abroad and the lessening of world confidence in the ability of the United States to put its house in order. Military operations abroad alone account for a $5 billion drain each year on our balance of payments.

Our foreign military establishment includes 1,900 installations, 321 of which are considered major bases. The most notable example of our overcommitment is the continued maintenance of a massive military establishment in Europe, where we maintain about 310,000 troops. The Majority Leader (Mr. Mansfield), has informed us that it costs some $30 billion annually to maintain bases, troops and facilities abroad and that the cost of our NATO participation is about $17 billion annually.

Certainly the time has come to reduce our contingent of troops in Europe. It is neither militarily nor diplomatically necessary, nor economically feasible to maintain the same level of troops and bases on the Continent. When United States troops were first assigned to NATO in 1951, Western Europe was still enfeebled by the ravages of World War II; Stalin was alive and the Soviet military threat, though probably exaggerated, was certainly plausible. Now, more than 20 years later, Western Europe is, for the

most part, politically stable and economically powerful, with collective resources at least as great as those of the Soviet Union, and with national economies healthier than our own. One has only to look at the declining value of the dollar in relation to European currencies to see this.

The Soviet Union has shown itself to be far more interested in formalizing the European status quo than in trying to alter it and shows no inclination to try to occupy Western Europe with ground forces. Indeed the nuclear stalemate has made such an attack all but inconceivable.

Under these circumstances we could safely and sensibly reduce the American ground force in Europe to half its present number, or even fewer. A symbolic American force is desirable as a token of the availability of American nuclear power for the defense of Europe, but there is no need for continuing to maintain more than 300,000 American military personnel there.

As an initial and minimal step, we should be prepared to reduce our European forces and bases by 10 per cent in support manpower, and we cannot defer much longer to the maintenance of this large and costly contingent of troops on grounds that they are "bargaining chips" in negotiations for mutual force reductions.

Within the NATO framework, there is one specific situation which deserves particularly close examination -- the homeporting of U. S. 6th Fleet ships in Greece. What

was a very dubious decision to begin with -- and one which I opposed -- has proven to be even more so because of poor planning and escalating costs. I saw little justification for what was to be a $14 million project to develop port facilities in Greece. Now the costs will be at least $5 million higher, and these are the developmental, not the operational costs. As the Baltimore Sun recently reported,

> Not only did the Navy fail to get the port and anchorage it expected in the Piraeus and Phaleron Bay area near Athens... but it now has to build in remote areas all those "glittering" accouterments to service life -- recreation facilities, post exchanges, etc. -- that it thought it would not need.1/

The Navy also underestimated the balance of payments drain of the project, originally projecting $8 million a year as against its revised estimate of $12 million. The upsurge is in part because the Navy has reportedly dropped its intentions of making the Athens homeport an "austere" facility as had been pledged by Navy officials. According to the recent GAO report, the carrier and destroyers are to be spread out in harbors and anchorages 15 to 30 miles up the coastline from Piraeus, the Athens port, which was where the Navy said the ships would be based. There are numerous complications in locating and developing these facilities. The GAO also estimates that the Navy is spending $3 million to improve a jet field at Elefsis, but the Greek government has now warned that air

1/ Charles W. Corddry, "Navy Plan on Greek Port Faulted," Baltimore Sun, July 17, 1973.

traffic restrictions in the Athens area will greatly curtail its usefulness.

This project shows signs of becoming a major fiasco and I urge the Committee to restrict any funding for home-porting of the 6th Fleet in Greece until precise determinations have been made as to the utility and feasibility of this plan.

III Outside Europe

Still another glaring example of our overcommitment abroad is in Korea where, 20 years after the end of the war, we maintain 40,000 troops at a cost of about $600 million annually. We have been spending more per year for the pay, upkeep and operating costs of U. S. forces in Korea than for such important domestic programs as rural development and vocational education. In addition to the costs of our own troops, our assistance to the South Koreans has brought our estimated total spending in Korea to $1 billion a year.[2/]

One of the many reasons why there is no longer any justification for continuing to maintain this large number of American troops in Korea is the fact that there are 600,000 South Korean ground combat forces, backed by a large trained reserve. Many of these men are Vietnam combat veterans. North Korea, in contrast, has a ground combat force of 360,000 men and this force has not been in sustained combat since 1953. There are no Soviet or Chinese combat units stationed in North Korea.

2/ Don Oberdorfer, "On Freedom's Frontiers Boredom, Babes and Booze", Washington Post, April 8, 1973.

Further, as Secretary of State Rogers has acknowledged, there is a general mood of detente in Korea and the discussions between the South and North, which began a year ago, have reduced tensions there, as in other parts of the world.

As Don Oberdorfer reported earlier this year in the Washington Post, for nearly 20 years U. S. troops arriving for duty in Korea have been told that they are on "Freedom's Frontier" and make up "part of the forces that stand guard on the rim of freedom, keeping in check the tide of communism in Asia" (to quote official orientation bulletins). The "freedom" idea is not much emphasized since President Park Chung Hee of South Korea sent his tanks -- furnished, no doubt, by the United States -- and troops -- which we help pay for -- into the streets last October to sweep away constitutional government and establish a new, highly centralized regime which permits virtually no effective political opposition.

Mr. Oberdorfer wrote this about our presence in the country:

> This American constabulary has established itself on a seemingly permanent basis in many expensive and permanent buildings and other facilities, and it is building more all the time. Concrete block and masonry barracks, golf courses, bowling alleys, swimming pools, theaters and even a mess hall with a brass-and-crystal chandelier, indirect lighting, stereo and a waterfall are a far cry from the bunkers, tents and flimsy quonsets which made up the base structure of U. S. troops in Korea 20 years ago.
>
> In the past 15 years, some $326 million has been spent by the U. S. Corps of Engineers on military construction projects in Korea. New barracks still going up are deisgned to last for 20 to 30 years. Late last year the U. S. command signed a contract

> with the joint U. S. - Korean firm of Femco-Sampoong for high-rise buildings and suburbia-type ranch-style rental housing for military families near Seoul and Taegu. The contract guarantees that the United States will keep the housing occupied until 1983.
>
> It is clear that both the Korean government and the U. S. commanders are content to have a large American force here for a long, long time -- but the enlisted men who make up most of the force are dismayed and even disgusted at the time-killing, make-work jobs and lack of purpose which seem to pervade so many of their lives.[3]

In addition to Korea, there are many other areas where American troops have remained far longer than necessary, and in those cases where some U. S. presence may be justified, the numbers are usually larger than is warranted. Among the examples which could be cited are the nearly 10,000 troops on Taiwan, as well as the large American presence in Japan, Okinawa and the Philippines. Still another example of a foreign base which can in no way be justified in terms of our national interest is the Kagnew communication center in Ethiopia.

The savings which would result from reductions in our overseas military establishment would be substantial and would constitute an important step in restoring our own economy to a more healthy basis.

IV Development and Procurement of Weapons

Despite last year's arms limitations agreements with the Soviet Union, the Defense Department wants to press on with the arms race and shows no sign of willingness to cut

3/ Ibid.

back to strategic spending. Yet, the ABM Treaty, limiting defensive missile systems to low levels, ensures the viability of our deterrent force. Therefore, new offensive weapons can no longer be justified as necessary to overcome potential Soviet ABM deployments. With each of the two super-powers possessing the capacity to destroy each other many times over, the irrationality of the arms race is difficult to overstate, all the more for the fact that the ABM treaty binds us to the role of each other's hostages. Under these circumstances the only real effect of the competition in overkill is the squandering of our resources.

However, the Administration has chosen to disregard the improved climate and is planning to spend $750 million (30 per cent) more on procuring offensive strategic weapons in 1973 than was spent in 1972 and an additional $670 million (20 per cent) in 1974 over 1973. The fiscal 1974 request includes seed money for a number of projects for which a much larger bill would come due in the future.

Trident

The Trident nuclear ballistic submarine is the most costly weapons program in the FY 1974 budget request. The Administration has asked $1.7 billion for accelerated development of the Trident. Ten of these submarines would eventually be built at a cost of more than $13.5 billion.

I am strongly opposed to accelerated development of the Trident and believe such development to be unnecessary

from a strategic standpoint and wasteful and imprudent from an economic standpoint.

Trident is billed as a replacement for the "aging" Polaris submarines, yet the oldest of the 41 Polaris subs is 13 years old, the newest six. They will be seaworthy well into the 1990's. We are already in the midst of a submarine missile conversion program involving a tenfold multiplication o f destructive power. Thirty-one of the Polaris subs are being converted to carry Poseidon missiles -- 16 Poseidons to a submarine. Each Poseidon missile contains 10 (deleted) separate nuclear warheads -- MIRV's -- which could be directed to widely scattered targets. Thirteen of the conversions have already been completed and all 31 are expected to be completed by November, 1975, at which time the SLBM's will be capable of hitting 5,120 or more separate targets with nuclear warheads two to three times more powerful than the one that destroyed Hiroshima. Just two such submarines could destroy about 30 per cent of the population and 50 per cent of the industry of the Soviet Union. The Polaris-Poseidon force would have the capability to destroy the 219 Soviet cities of more than 100,000 population nine times over.

The Pentagon has consistently told us that the Polaris-Poseidon force is not vulnerable for the foreseeable future. At present the nature of any anti-submarine warfare (ASW) threat to Polaris cannot even be predicted. Technology does not exist to even design, much less build, an ASW system which could destroy the Polaris-Poseidon deterrent. When and if such a

threat ever arises, the Trident fleet could be more vulnerable than the present Polaris one because its greater unit size and its smaller number of ships could make it easier to destroy in a surprise attack, using some now unknown technology.

Mr. Herbert Scoville, Jr., formerly assistant director of the Arms Control and Disarmament Agency and deputy director of the Central Intelligence Agency, states the case very well.

> We will be placing our eggs in a smaller number of baskets and thus make easier the simultaneous destruction of all that are at sea. If a threat should develop, it may be better to have a larger number of smaller ships. In the meantime, we should save our billions and our resources for our sick and aged, for our poor and underprivileged and our environment.4/

The value of the Trident has been diminished even more by the decision to place the $500 million Trident base in Bangor, Washington, thus initially foreclosing its operation in the Atlantic, and flying in the face of almost every strategic consideration.

Simply stated, with the Polaris-Poseidon fleet and its massive manpower scattered over 15 million square miles of ocean, we don't need the Trident submarine, and certainly not on an accelerated development basis.

I would concur with the group of eminent authorities on military policy who issued a report for the Project on Budget Priorities. This report concluded that virtually all the potential benefits of Trident, and none of its drawbacks,

4/ Herbert Scoville, Jr., "The Trident Dilemma", Christian Science Monitor, March 27, 1973.

could be obtained by retrofitting the 4,000-nautical mile Trident I missile on Polaris. This would put our subs in range of Soviet targets, even while still in U. S. territorial waters. The Trident program should be cut back to a llow only for the development of the Trident missile and for research on alternative submarine configurations, including smaller vessels. This would mean a saving of $1.3 billion this year.

Minuteman III Missiles

We are being asked to appropriate $777 milliom for the Minuteman missile program. These funds would be used primarily to complete MIRV of the 550 Minuteman missiles. However, in view of the ABM treaty, no MIRV's are needed to overwhelm any Soviet ABM. Further improvements to the Minuteman force should be deferred and the program ended after modifications now in process are completed. I would strongly oppose allocation of any funds, including the $23 million in this year's budget request, for a program to also convert Minuteman II missiles to MIRVs.

B-1 Bomber

Continued engineering development of the B-1 Intercontinental Bomber would cost the taxpayers $474 million in fiscal 1974 if the budget request is approved. This would be part of a total developmental cost, resulting in the production of three prototype bombers, of $2.79 billion. Recently there have been reports of added costs and delays in this program.

The Air Force expects to purchase 240 of these planes over the next decade, with the cost now estimated at $54 million apiece (including development) as opposed to the original $45.5 million estimate.

As in the case of Trident, the B-1 is being pushed as a replacement for our "aging fleet." And, as in the case of the Polaris-Poseidon, which Trident would replace, the B-52s, which the B-1 would replace, still have lengthy service capability. The 300 B-52s in the modernized G/H series are to be further updated to ensure that they retain the ability to penetrate Soviet air defenses, and their nuclear weapon capacity is scheduled to be doubled. Thus we will have a m assive and sufficiently modern bomber force well into the 1980's.

Although the proposed B-1 would have some performance advantages over the B-52, there would be only marginal improvements in capability at an extremely high cost and both bombers would carry the same stand-off weapons. Although costs have risen sharply in recent years, the price of the B-1 is astounding -- the B-1s would cost nearly seven times as much apiece as the B-52s.

Further, it is questionable as to whether there is any major role for bombers in an era of ICBM's and nuclear submarines, and the ABM treaty limiting missile defenses makes the bomber less important as a "hedge". It has been suggested that a B-52 replacement, when and if it is needed, could be a slower, longer endurance aircraft equipped

with long-range missiles to avoid having to penetrate hostile air space.

The bomber program should be cut back to no more than $100 million for exploratory research and development on various bomber system designs and any procurement of the aircraft should clearly be deferred.

ABM

The budget request includes $672 million for the ABM program, which seems to be an exorbitant amount in view of last year's ABM Treaty. I question the wisdom of spending $402 million this year for further "development, test and procurement" for the Safeguard site at Grand Forks, North Dakota. There are estimates that the site in North Dakota will cost $5.6 billion -- or almost $1.5 billion more than the original estimate for two sites and nearly half the original estimate for a 12-site system.

Likewise, I see no justification for spending $170 million for the Site Defense program which, according to the Pentagon "is oriented toward developing options for a more effective defense of Minuteman, or other point targets, as a hedge against the need for such a defense in the future."[5/] Finally, whereas there may be some merit in long range research and development on ballistic missile defense systems, we cannot afford $100 million for this purpose in FY 1974.

5/ Annual Defense Department Report, FY 1974, Statement of Secretary of Defense Elliot L. Richardson, April 10, 1973, p. 64.

F-14

I believe that further expenditure for the F-14, which has become a classic case of cost escalation, would be ill-advised. I would urge that the $633 million request for FY 1974 be denied and no funding provided for any planes beyond the 134 already on order.

The cost of the plane is now estimated at $25 million apiece, which is considerably more than twice the cost originally estimated by the Grumman Corporation. Such an expenditure is well beyond our means and can in no way be justified to the American people, in view of the disastrous inflation and disarray in our economic condition.

If all 313 planes envisioned by the Navy were acquired, the total cost would be over $8 billion, which is absurdly extravagant. Further, the F-14 has been plagued by considerable technical difficulties and does not represent that great an advance over the F-4 which remains the best plane of its type.

The Defense Department has, in effect, released Grumman from the original contract after ordering 134 aircraft and says future F-14 procurement"will be based on individually negotiated contracts dependent upon Congressional authorization and appropriations."[6/]

I would concur with one of Arkansas' leading newspapers, the Arkansas Democrat, in saying that "the best route for the Navy... would be to forget about the F-14." As the

6/ Ibid. p. 81.

Democrat said, "The F-4 is a fine plane, and the F-14 looks more and more like a costly folly in the image of the F-111."[7/]

F-111

On the subject of the F-111, Mr. Chairman, I have been disturbed to read of efforts to continue production of this plane. No one is more familiar than you are with this scandal-ridden project, which you did so much to bring to public attention. According to press reports, the House Armed Services Committee has voted to add $172.7 million to the military budget for the manufacture of 12 more of the planes.

This is one area where the Pentagon has shown a willingness -- if belatedly -- to cut back, and it is regrettable that Congress has, for the past two years, reversed that decision. I see no reason to keep the F-111 production line open, and hope that Congress will not be a part to such a misguided action again. Every day that this production line remains open the American people are being misserved and every additional F-111 that is manufactured will be a monument to mismanagement.

Advanced Airborne Command Post (AABNCP)

A project which is redundant and of highly questionable value is the Airborne Command Post, for which $83 million is requested in FY 1974, following an expenditure of $117 million in FY 1973.

The AABNCP is even more likely than its underground analogs to be out of communications during the crises for

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7/ "F is for Folly", Arkansas Democrat, December 21, 1972.

which it is designed, assuming that it can get and remain airborne.

The FY 1974 budget includes $37 million for continued development of the AABNCP system, $32 million to procure the fourth of seven 747 aircraft, and $14 million for military construction. I believe this to have been an unnecessary project from the beginning, and it would seem that the three aircraft already acquired are more than sufficient for such purposes.

The Department of Defense already has a sizable fleet of airborne command posts, having spent nearly $550 million and perhaps more for them. The Strategic Air Command alone has 29 EC-135 aircraft serving as airborne command posts, auxiliary command posts, communications relay aircraft and airborne launch control centers.

There is every indication that acquisition of this large number of the gigantic 747 planes was budgeted with only minimal planning. There is no assurance that any President would use the NCA airborne command post, and there have been no studies made to determine what Presidents have done in such situations. The Defense Department has taken the largest aircraft available and developed lists of people to populate the aircraft as advisors. A relatively small portion of the aircraft's space would be used for equipment, the same equipment already aboard the EC-135s.

Between the existing command posts on EC-135s and the 747s already approved, I believe we have adequate aircraft

and equipment to meet any contingency, assuming there is any possible role for such aircraft. I therefore recommend against any further funding for the AABNCP.

C-130

The budget request includes almost $200 million for procurement of 36 C-130 Hercules aircraft. Such planes would "replace airlift aircraft transferred to South Vietnam," according to the Pentagon.[8/] Under what authority were these planes transferred? If we need such aircraft, then why were such a large number turned over to the Thieu Government?

According to Pentagon figures, $93 million was spent for C-130s in FY 1973. The original 1973 budget request included no provision for C-130s. Subsequently the House Armed Services Committee initiated a move to provide for 12 C-130's to keep the Lockheed production line open. Then President Nixon included a request for $127.7 million for 30 C-130 aircraft in the FY 1973 Southeast Asia amendment on June 30, 1972.

According to your Committee's Report of September 29, 1972.

> $90 million is recommended for the procurement of 20 C-130E Hercules transport aircraft. These aircraft were requested in the June 30 budget amendment and are to replace projected Air Force losses of C-130 and AC-130 (gunships) aircraft in Southeast Asia and to replace C-130 aircraft diverted to the Air Force Reserves in place of C-123 aircraft used to replace South Vietnamese Air Force losses.

8/ Annual Defense Department Report, FY 1974, Statement of Secretary of Defense Elliot L. Richardson, April 10, 1973, p. 91.

If 36 planes were transferred to South Vietnam, then it would appear that the President has exceeded his authority. And since we are no longer engaged in Vietnam is there any documented need for such a considerable number of new C-130s? Last year, prior to the transfer of planes to South Vietnam, the Air Force was reported to have 350 of these planes operating, with 12 more on order and 175 in the reserve fleet.

An additional consideration here is that we are being asked to appropriate $67 million this year for the development of the Advanced Medium STOL (Short Take-off Landing) Transport (AMST), which would in some respects be a successor to the C-130. You will recall that last year your Committee said, in referring to the AMST, it was "convinced that we need to proceed with the development of a replacement of the C-130".

I urge the Committee to closely examine this request for C-130s. I see no reason that Congress should blithely ratify questionable actions by the Administration and I doubt the need for these additional aircraft in any case.

Mr. Chairman, I have mentioned only some of those matters which merit careful consideration by the Committee. There are others, such as the $657 million requested for the CVN-70 aircraft carrier, which I know the Committee will want to examine closely.

V Personnel

I want to comment briefly on the subject of personnel. First, I believe reductions should be made in

support personnel. Only 15 per cent of military personnel are in the combat category, the remainder being engaged in transportation, logistics, training, engineering and other support services. While spending for combat troops has decreased following the withdrawal from Vietnam, support spending has not decreased proportionately. A 10 per cent reduction in support personnel could mean savings of as much as $1.2 billion.

Another matter of concern is the so-called "grade creep" -- the steadily increasing number of higher grade officers. The top-heaviness of the military can be seen in the fact that there are more field grade and flag officers to command our current force of 2.2 million than there were at the height of World War II, when the military forces numbered more than 12 million.

Further, there is the need to reduce the Department of Defense's civilian employees. According to information provided me earlier this year by the DOD, its direct-hire civilian employment totaled 1,081,702 as of December 31, 1972. The number of employees hired indirectly through arrangements with foreign governments was 107,328. The December payrolls totaled more than $1 billion.

Despite the President's announced plans to thin down the number of Pentagon civilians, the proposed budget would raise civilian employment by 31,000. I am strongly opposed to any increase in the number of DOD civilian em-

ployees and would support a reduction of at least 10 per cent, meaning a savings of at least $800 million.

Finally, I want to mention DOD expenditures for public relations and information activities, which I believe deserve careful scrutiny by the Committee. I expect to receive a report on this subject from the General Accounting Office in the near future, and following receipt of this report I may have specific recommendations to make to the Committee.

I also want to suggest that the Committee review carefully the appropriations for the American Forces Radio and Television Service, for which I understand $31.8 million is requested, following an expenditure of $50.4 million in FY 1973. I readily acknowledge the need for such a service, but question the scope of the operation, with 376 radio and 103 TV stations. I think the size of AFRTS is indicative of our vast overcommitment abroad and the need to cut back on our foreign military establishment.

Mr. Chairman, I know that the Committee on Appropriations is faced with many competing demands and difficult decisions. I am convinced, however, that the Committee could take an important step toward restoring our economy to a healthy basis and in limiting overall Government spending by making reductions in the military budget, such as I have suggested. I believe that there is much that is wasteful and unnecessary in the military budget request and that it can be cut significantly without in any way harming our nation's security.

STATEMENT BY SENATOR STROM THURMOND

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Because of my sincere belief in the importance of a number of on-going procurement and research programs, I would like to make this statement for consideration of the subcommittee members.

My comments will touch on 4 systems as I believe these are the ones which need emphasis. These systems are the TRIDENT, the F-14, the attack helicopter and the XM-1.

TRIDENT

First, I am convinced we should press forward with the TRIDENT submarine missile system on the schedule proposed by the Navy.

TRIDENT is needed not only as a follow-on to our present missile fleet, but it also will enhance our nuclear strategic capability because of its increased range and quieter operation. In my judgment it will be our most invulnerable strategic weapon system and it will be cheaper to build it now rather than later.

Also, because of its range it can operate in the Pacific, thus giving the Soviets a whole new ocean to patrol if they are to monitor our sub movements.

Early TRIDENT introduction will also permit flexibility to react to SALT to assure an optimum deterrent. If "freedom-to-mix" results from SALT II, we will be in a position to smoothly increase the sea-based systems which provide great survivability.

If SALT results in an overall lesser number of launchers, we will be in a position to put more under the sea as we phase out numbers of land based weapons. If we wait several more years for the first ship, the long lead time required destroys any flexibility we might have. We can always slow a building rate, but picking it up is costly, denies us the ability to build other types of ships, and puts us in a "catch-up" role. The last SALT agreement had us in a position of reacting rather than exercising the initiative.

F-14

The F-14, in my judgment, is the best airplane in the world today. Experts claim the Soviets probably could not match it for at least 8 to 10 years.

We need 313 planes to put one squadron on each carrier. We have bought 134, thus we need to buy 179 more.

The flyaway cost to build the 179 is $11.8 million per plane. To purchase the necessary spares and support equipment there is an additional cost of $3.9 million per plane, for a fullup cost of $15.7 million. In the FY 1974 buy, the flyaway is $11.2 million, and procurement cost is $14.1. This later figure includes spares and support.

One reason for the higher costs is that due to fiscal restraints the Navy has had to stretch out the F-14 production schedule to 50 planes in FY 1974, 50 in FY 1975, 50 in FY 1976 and 29 in FY 1977, versus the original plan for 88 in FY 1974 and 91 in FY 1975.

Often we hear that we should get something for our R&D money. The F-14 is technically sound. We have already

obligated $3.5 billion on the F-14. Therefore, we have spent 55% of the money and received less than 45% of the aircraft. The cost curve is now going down. If we are going to question its mission, we should have done that before the program started.

If we go to another fighter, or the lightweight fighter, the Navy will have to establish two lines of support and spares for two fighters on carriers. That means two sets of pilots, two sets of mechanics and two sets of support equipment.

The lightweight fighter is a prototype program, not an approved program. Technology is just being tested. There is NO MISSION for the lightweight fighter.

We need an aircraft to meet the threat in the 1980's and 1990's. What happens to the Navy and Marines if we kill the F-14 program by delaying it until January, when Congress may be delayed in acting. Will we then turn to the F-15 and make it carrier capable, and thus set up two lines of pilots, support, etc., on the carriers?

Finally, reference the carriers. We must continue to have them to maintain our influence around the world. A lot of weapon systems will not be used if we go all out with the Soviets, but the carriers can give us a presence anywhere in the world to protect our oil shipments or to bolster little countries like Israel.

ADVANCED ATTACK HELICOPTER

The Army relies on the Infantry, Artillery and Armor -- the Combined Arms Team -- to carry the brunt of combat. To be effective the team must have quality equipment, which

provides the mobility, flexibility and staying power necessary to fight any war, anywhere, any time. The Army's Advanced Attack Helicopter (AAH) plays an important role as an integral member of this team. The Advanced Attack Helicopter with its antitank capability, increased survivability and increased loiter time provides a new dimension on the battlefield - "air combat power."

The AAH will be the most flexible and responsive aerial weapons system yet developed and assigned to ground combat commanders. This integrated aerial weapons system will be specifically designed to provide responsive, direct aerial fire support to ground units while at the same time achieving a previously unobtainable level of survivability. The AAH will not only live with the ground soldier, but will also be able to live like him.

Scientific experiments and joint tactical field tests on German terrain have demonstrated the survivability and effectiveness capabilities of attack helicopters. The chief reason the attack helicopter is more flexible than a tactical fighter is its unique flight capabilities. Operating between the trees, the AAH will use the natural folds of terrain for much protection from visual observation and fires of the enemy. In fact, the AAH will operate just as the infantry soldier does on the ground. While tactical fighter aircraft, by their very nature and speed, must make straight-in attacks from high altitudes.

Duplication of efforts in the performance of the close air support mission is no longer an issue. The attack helicopter has demonstrated the unique capability to operate

as an extension of the ground commander's combat team the same as tanks and artillery. Congress and DOD have studied this issue in considerable detail, and have concluded that there is a requirement for attack helicopters as complementary weapons systems to the tactical fighter in the aerial fire support role. The attack helicopter has proven that it can survive on various intensity battlefields, and can kill targets at extended ranges. In fact, all services have agreed to development of the AAH, while the Navy and Marine Corps study it for application to their missions. All services agree that close air support is not a single mission, to be performed by a single service, or by a single category of aircraft.

The Army, after reevaluation of its attack helicopter requirements last year, identified the Advanced Attack Helicopter as one that must be more agile, smaller, and less sophisticated than the CHEYENNE. The requirement also defined a less costly system than previously stated.

In June 1973, the Army announced that it had selected two firms, Bell Helicopter and Hughes Helicopter companies, to build flyable prototype designs of an AAH, and the Army will conduct a competitive fly-off to determine which best meets the Army's requirement at the minimum cost.

The Congress funded the Army $20 million for the AAH in FY 1973, and $49.3 million is needed in FY 1974 to continue the development. The AAH has been designated by the Army as one of its top priority requirements. I would strongly urge you to support the Advanced Attack Helicopter by providing the funds requested. I consider the AAH a key

element in our future national defense. I believe we must do everything possible to help the foot soldier who takes the vast majority of casualties in any war.

XM-1

The Army's development of the Main Battle Tank (XM-803) to have been fielded in 1975, was terminated by Congress in December 1971. However, the need for a new tank is still an urgent requirement.

The tank is a unique weapons system. It is the only weapon which combines mobility, armor protection and fire-power into one system, and through this combination of assets produces a phenomenon known as "Shock Effect" -- a weapon in itself.

The NATO forces in the central region of Europe face at least a 3 to 1 superiority of Warsaw Pact tanks. The majority of the Soviet tank strength is comprised of T-55 and T-62 medium tanks. The Russians, however, are in the process of fielding a new M-1970 medium tank with significantly improved capabilities. With numerical superiority enjoyed by the Warsaw Pact forces, a new tank is needed that will be superior to both the T-62 and the M-1970. While our M60A1 is a fine tank, it represents the technology of the 1950's and simply will not be sufficient for the 1980's and 1990's. The shortcomings of the M60A1 are well known and technology is in hand.

The long-term solution to the qualitative threat of the M-1970 Soviet tank is the fielding of the XM-1. The characteristics of the XM-1 will also help offset the

quantitative advantages of the Warsaw Pact armored forces. The XM-1 will be a significant improvement over the product improved M60, providing 100 percent better armor protection. The increased range and lethality of the XM-1's complementary weapons against a wide range of soft targets will result in a kill factor five times greater than the M-60. It's high performance stabilization systems will make the XM-1 more accurate at all ranges when moving. At some ranges and at increased speed over rough terrain, the XM-1 is almost twice as accurate. It will have twice the horsepower and its agility will make it more difficult to hit.

The estimated program acquisition cost, which includes all research, development and procurement costs for the XM-1 tank system is $3.1 billion for 3,312 tanks, and includes $689 million for projected escalation from FY 1972 (based on Department of Defense escalation indices). By comparison, the estimated program acquisition cost for the former XM-803 tank system at the time it was terminated was $2.4 billion for 2,394 tanks, including $262 million for projected escalation from FY 1970.

The XM-803 was to have been produced over an eight year period starting in FY 1976, while the XM-1 production funding covers twelve years commencing in FY 1978. The longer production period and later starting date of the XM-1 accounts for this $400 million additional escalation. Inflation is a major factor in the cost of weapons systems.

The XM-1 unit program acquisition cost (in fully escalated dollars) is $921K compared to $1,003K for the XM-803. This is approximately $80K less per copy in spite of the fact that the XM-1 will be produced more than

five years later than the XM-803 and, therefore, has to pay a much higher penalty due to escalation.

As we look at hardware costs of tanks throughout the world today, we find that the new Japanese tank costs $770K, the German LEOPARD II something over $650K, the Israeli tank over $600K, and the Swedish S tank, representing technology of the early 1960's, is being quoted at $450K. Thus, the $507K unit hardware cost of the XM-1 appears a reasonable price to pay for the performance required.

The Army needs a fast, reliable tank which can deliver accurate, lethal, direct fire while on the move, present a difficult target for an enemy to hit and be able to survive when it is hit.

The XM-1 tank, as it is now planned, will meet or exceed the Army's requirements in all of these areas by using current technology and, in many cases, using components that are already well along in development. It will be a cost effective system which provides improved reliability, availability, maintainability and durability. The new tank will increase our capability to respond to worldwide contingencies by employing fewer tanks with greater effectiveness.

Mr. Chairman and members of the Subcommittee, I thank you for your consideration of my remarks on these four important programs.

LETTER FROM SENATOR EAGLETON

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

July 27, 1973

The Honorable John L. McClellan
Chairman
Committee on Appropriations
3241 New Senate Office Building
Washington, D.C.

Dear Mr. Chairman:

Pursuant to your letter of June 28, 1973 inviting testimony before the Appropriations Subcommittee on Defense, I would like to take you up on your offer by submitting a written statement on the Air Force's Airborne Warning and Control System. It is hoped that this statement, which is in the form of a study, will assist you in your avowed intention to assure that the Defense Appropriations Bill is responsive to and commensurate with our fiscal and military needs.

I appreciate very much your kind invitation to participate in these hearings. Your desire to have members of the Senate participate actively in your deliberations is a clear indication of your often-stated goal to trim waste in the defense budget.

Sincerely,

Tom Eagleton

Thomas F. Eagleton
United States Senator

SENATOR EAGLETON'S RESEARCH REPORT ON THE AIRBORNE WARNING AND CONTROL SYSTEM (AWACS)

I. System Description and Missions

The Airborne warning and Control System (AWACS) is part of a plan being developed by the Air Force to upgrade the U.S. continental air defense capability. The plan includes the AWACS aircraft, an Over-the-Horizon-Backscatter (OTH-B) long-range radar system, and an improved manned interceptor (IMI). Additionally, AWACS is being designed to provide a battle management capability for tactical air forces, including air surveillance, and command, control, and communications functions.

The proposed AWACS aircraft is a converted four-engine Boeing 707, redesignated E3A and modified to carry a large saucer-shaped rotodome on twin pylons above the fuselage. Housed in the aircraft would be a communications-electronics section and an air combat operations section. The AWACS platform would carry, in addition to a flight crew of four, a battle commander, a communications-electronics team of four, and an air defense operations team of eight.

Subsystems within the core configuration of the aircraft are designed to perform two functions: (1) surveillance, identification, and tracking of hostile and friendly aircraft in a specific sector or battle zone and (2) data analysis and communications for the purpose of command and control of U.S. aircraft.

The first function would be performed by radars in the rotodome, which provide a look-down capability, by ancillary radars, and by analysis and display equipment which permits continuous tracking of acquired targets. If perfected, AWACS radar capability will be its chief distinguishing feature, allowing it to discriminate low-flying aircraft from the ground-level "clutter" which interferes with normal radar operations over land and sea.

Dr. John S. Foster, Jr., former Director of Defense Research and Engineering, described this aspect of AWACS in testimony before the Senate Armed Services Committee on February 26, 1970, as follows:

> The secret of the whole system is that this radar would be able to detect aircraft coming in down low, just above the surface of the water or the ground. It would be able to discriminate between what is water or ground and what is a moving airplane. That is the heart of the whole system.

AWACS' second function is, from an equipment standpoint, essentially one of analyzing and communicating information. It involves processing and displaying data and communicating information on priority targets to central defense sectors on the ground and to the appropriate interceptor or other fighter aircraft and vectoring them to destroy incoming hostile aircraft.

Aside from its radars, AWACS, or the E3A, thus carries a sophisticated electronics package of data processing, relaying, displaying, and communicating equipment, as well as a system for active interrogation of unidentified aircraft.

The AWACS is being designed, as noted, to fulfill two missions: (1) defense of the continental U.S., and perhaps Europe, against attack

by bombers, presumably armed with nuclear weapons and (2) management of friendly air forces in a tactical environment.

In its first role, for Aerospace Defense Command, AWACS is to be linked to a system of OTH-B radars which are to provide initial warning of bomber sorties while they are still distant from the U.S. (This same notification may also be provided by non-radar monitoring systems, such as electronics intelligence or communications intelligence, which will also reflect any raids.) Upon notice of impending raids or possible raids, the AWACS aircraft would fly out more than 1,000 miles and take station in order to perform its functions as an intermediate radar tracking and command and control facility. Employing its look-down radar and data processing systems, the AWACS aircraft will pick out enemy bombers, some flying low to avoid detection by normal ground-based, line-of-sight radars, and direct surface-to-air missile batteries or manned interceptors to engage them. The on-station time for AWACS established in the Selected Acquisition Report (SAR) was seven hours but it has since been reduced to five hours. Thirty-two aircraft are being requested for this air defense mission.

In its second role, for the Tactical Air Command, the AWACS platform would replace the Airborne Command and Control Center Aircraft (C-130E) presently in operation. In this mode, AWACS is seen as an alternative to or as a means of modernizing existing battle management facilities - ground-based or airborne - such as the C-130E, the Navy's new E2C, or other aircraft which have been used in this role. Mission interchangeability between the air defense and tactical air modes is achieved by changing central processor software. Ten aircraft are being requested for the tactical role.

The justification for AWACS in a tactical air environment is largely based on the experience of the Air Force in the Vietnam War, in which pilots of interdiction fighter-bombers operating from Thailand encountered orientation problems while operating in hostile airspace over North Vietnam, beyond the reach of U.S. ground control facilities.

To counter this lack of surveillance and control capability, the Air Force equipped a number of aircraft with radars, data processing equipment, and communications facilities to provide forward area assistance to the fighter-bombers. Additionally, photographic and electronic surveillance was conducted by drones or manned aircraft prior to U.S. raids on North Vietnam and this information was provided to pilots to give them a more complete picture of the environment they were entering, including the deployment of hostile fighter squadrons, radars, and missile batteries, as well as the terrain.

Because this system grew up piecemeal as a response to unanticipated and changing tactical conditions, it was not designed to meet the ordinary cost-effectiveness criteria which govern modern U.S. weapons systems. Development Concept Paper No. 5 approved the development of the AWACS platform for air defense but deferred the decision on AWACS in a tactical role. It was not until Revision 1 to DCP No. 5 was issued in February, 1970 that a tactical role was approved for the system. At the same time, the total quantity was reduced from 64 to 42 aircraft.

Since the approval of AWACS as a tactical system, the Air Force has given special emphasis to this role, raising it to the level of a requirement equal in significance to that of air defense. Asked whether greater stress was being laid on the tactical role of AWACS as

opposed to the bomber defense role, an Air Force spokesman gave the following reply in Senate testimony on the Defense Procurement Bill in February, 1970:

> Last year there was general agreement within OSD and the Air Force that AWACS was required for its tactical application as well as for its role in air defense of CONUS...A recent revision to the DCP No. 5 recognizes the need of AWACS for both tactical applications and air defense. This revision is not a deemphasis of the air defense role but is a formal recognition of equal importance of the tactical role for AWACS.

The revision to DCP No. 5 was based on a cost-effectiveness comparison of AWACS to the make-shift system which had grown up under battle conditions in Indochina. Naturally, AWACS showed advantages from a cost standpoint, especially if it was already going to be purchased in large numbers for air defense.

II. System Evaluation

A. The Evolution of Air Defense

The current impetus for building AWACS stems from a decline in the U.S. air defense posture, a condition which will be addressed further on. The beginnings of the AWACS concept, however, dates back ten years to 1963 when the requirement for a look-down radar capability was first established. Advances in radar technology since that time made a reality of this concept and look-down radars are now being incorporated in numerous other aircraft types, including the F-15, which has been proposed along with other aircraft for the improved manned interceptor role.

Yet AWACS must be considered in the context of the evolution of air defense as a whole. Air defense customarily signifies the protection of broad or continental land masses from attack by bombers armed with either 'gravity' nuclear bombs or 'stand-off' weapons which permit launching of warheads while the aircraft remains distant from the target.

Prior to the advent of intercontinental ballistic missiles, bombers constituted the primary strategic offensive force for nuclear nations. Even in the early period of the bomber era, when radars were less sophisticated and bombers had greater range limitations, it was generally conceded to be impossible to develop an air defense system that was near leak-proof. Furthermore, an attempt to achieve even an approximation of a leak-proof system was considered to be prohibitively expensive and not worth the cost, especially in view of the advantages of the offense over the defense.

As Air Force Chief of Staff General Hoyt S. Vandenburg expressed it to the House Appropriations Committee in 1953:

> There is a law of diminishing returns that applies to air defense. Any defense system that stopped 25% of the attackers is highly capable. Our greatest defensive and offensive weapon is our strategic force.

General Vandenburg's advice was not heeded, however, and by the end of 1953, Congress had approved funds for the construction of a massive or 'thick' air defense system. The heart or brain of this heavy air defense package was a tracking and data processing facility called SAGE, an acronym for "semi-automatic ground environment."

The sensory capacity of the U.S. air defense system lay in its radar network, including the Pine Tree and Distant Early Warning lines to the north, the radars mounted in Texas towers in coastal waters and in radar picket ships (DERs) in the open ocean, and the early airborne warning aircraft, such as the EC-121.

At each of the SAGE facilities, a four-story radar control building housed 14-ton computers used to record the tracks of enemy aircraft by processing inputs from the external radars. Command and control operations were based at the facility as well, to give target direction to interceptor squadrons.

By 1962, 33 SAGE sites were in operation around the U.S. That was the peak year for SAGE and it was the beginning of an over-all de-emphasis in the U.S. air defense force. There were several reasons for the ensuing cutback, not least of which was the advent of the missile age. SAGE, a four-story, above-ground facility, was highly vulnerable to missile attack.

There were other factors, however, which made a reduction in the number of costly SAGE sites advisable. Defense planners found that the early SAGE system had several weaknesses, summarized briefly below:

1. The SAGE computers did not have the capacity to process all radar inputs and the software system was easily baffled by the slightest variation of flight pattern.

2. a low-level detection capability was practically non-existent.

3. SAGE was highly vulnerable to missile attack or sabotage - a grenade thrown from outside the perimeter fence could incapacitate the entire system.

4. Manning the SAGE facilities became difficult because of the high turnover rate among highly-trained technicians, which caused high training costs.

In 1963, therefore, the Air Defense Command, as it was then named, began a slow process of phased reduction. In the same year, the Air Force requested its first appropriation for what was in time to become AWACS. By 1971, the retitled Aerospace Defense Command had eliminated all but seven SAGE sites and these remaining sites were operating at less than full capacity. In fiscal year 1970 alone, the first full year of the Nixon Administration, the following cuts were made in air defense:

14 fighter-interceptor squadrons
41 Nike missile batteries
49 airborne early warning aircraft
29 search radars
17 gap-filler radars

According to testimony by Admiral Thomas Moorer, Chairman of the Joint Chiefs of Staff, before the House Armed Services Committee in

January, 1972, U.S. continental air defense had been reduced by 60% over the previous decade.

In effect, then, the United States has probably had only a moderately effective capacity for monitoring enemy bombers and directing interceptors or surface-to-air missile batteries against a strategic bomber attack in the years since General Vandenburg first warned Congress of the exorbitant cost and minimal return gained from air defense. It is unknown whether the U.S. even reached 25% maximum suggested by General Vandenburg, since the U.S. pre-eminence in strategic offensive systems (bombers, ICBMs, and SLBMs) and a generally defensive and cautious Soviet military strategy obviated the necessity for testing the system in actual battle conditions.

An incident in 1969 nevertheless elicited a strong reaction from civilians who believe that air-tight or heavy defense of the skies is feasible or desirable. A Cuban MIG-17 flew undetected to Homestead Air Force Base in Florida, landing while the President's aircraft, Air Force One, was parked nearby. The pilot, who was defecting from Cuba, flew his aircraft at extremely low altitudes, thus escaping radar detection.

In October, 1971, another Cuban plane, carrying 21 sugar technicians, flew undetected across the Gulf of Mexico and landed at New Orleans. On this occasion, no effort was made to avoid detection by U.S. radars. Apparently no such effort was necessary.

Rep. F. Edward Hebert, Chairman of the House Armed Services Committee, criticized the condition of U.S. air defense in the following statement:

> Since our potential enemies know of the gaping holes in our air defenses, I think it is high time that the American people were let in on this open secret.

The Defense Department defended itself against Congressman Hebert's charge that weaknesses in the U.S. air defense system, especially in the southern sector, constituted a threat to national survival. A Defense Department spokesman declared that: "A potential attack on the southeastern United States is not a great likelihood." Asked whether there was any way the Soviet Union could launch a surprise bomber attack on the United States, he replied, "No."

As for improvements in the existing system, Admiral Moorer, in testimony before the House Armed Services Committee, made the following comment, echoing the views of General Vandenburg two decades before:

> I think that you are always going to have the possibility that a single plan flying on the deck can penetrate almost any system that you could develop...It would be very expensive indeed to build up a system in this area to have a 100% leak-proof system. It would be very expensive for the purpose of intercepting one or two aircraft a year...

The Air Force attempted to satisfy Congressman Hebert's demands that the southeastern United States be provided with protection by increasing radar coverage and interceptors in that sector, though military planners continue to discount the possibility of an attack from that azimuth.

At the same time, however, the Air Force gave a high priority to the "modernization" of the Aerospace Defense Command, a modernization which includes procurement of AWACS, OTH-B, and an IMI. The Air Force holds that these three systems are an integral package required by ADC and that none of the components of the system would operate successfully without the other two.

The justification provided by the Air Force for its modernization program rest, it should be noted, on studies which were structured to lead to a favorable decision on the program. Cost-effectiveness studies compared AWACS with existing air defense systems. On this basis, and assuming again the need for air defense at all, AWACS emerged as relatively cost-effective. In order to justify the assumption of a need for a defense against bombers, the Backfire medium-range bomber was made to appear in intelligence estimates as a possible new threat to the continental United States.

In addition to the cost-effectiveness analysis, the Air Force also prepared several routine Development Concept Papers on the general question of air defense. The first DCP presented four options. The first option proposed a reduction in air defense with no modernization. The three remaining options all included both the AWACS platform and the OTH-B radar. The cost of these four options was then compared to cost of operating the existing air defense system, i.e., the SAGE system.

The first or reduction option was summarily rejected. The remaining three, when compared with the expensive and early SAGE system, showed the benefits of modernization through procurement of AWACS and OTH-B, since no other alternative was addressed. The requirement for AWACS was thus built into the consideration of options. Other possible options for a surface ground control system or other modes of airborne operation were simply eliminated from the beginning.

The effect of this type of approach to the problem is reflected in the following quotation from a GAO study, which apparently accepted the Air Force operational requirement for command and control definition of its operational requirement for command and control in terms that made AWACS an inescapable conclusion:

> Although the Air Force and the Department of Defense studied and analyzed the cost and effectiveness of AWACS, these studies compared the AWACS to existing systems that AWACS was designed to replace. A cost effectiveness study in the classical sense was not possible because no other system could meet the operational requirement. (emphasis added)

B. Evaluation of the Current "Threat"

The decision by the Air Force to lay special emphasis on AWACS and the associated systems - a decision which appears to run counter to two decades of military thinking about air defense - seems even more curious in view of the present bomber "threat" to the U.S. By its own admission, the Air Force is not attempting to deal with occurrences such as the undetected landings of the two Cuban aircrafts. Its decision would be rational only in the light of a substantial

increase in the bomber "threat." A review of this "threat" indicates that just the reverse is true.

The Soviet manned bomber capability has diminished significantly over the past decade and more, apparently in consequence of a high-level decision to forego long-range bombers in favor of ICBMs. According to the Department of Defense, the Soviet Union in 1960 had a total of 1,260 medium and long-range bombers and tankers. By 1965, that number had declined to 1,040 and today it is estimated to be some 900.

More importantly, the Soviet long-range bomber fleet has declined from 215 in 1965 to 195 in 1973. Most of this decline is attributable to the retirement of aging bombers from the long-range force. While it is evident that the Soviets are not scrapping their force, it is equally evident that they are not augmenting it.

In his March, 1973 posture statement, then Secretary of Defense Elliott Richardson said of the Soviet long-range bomber force:

> The Soviet intercontinental heavy bomber force remains, as it has for the last few years, at approximately 195 aircraft, including about 50 tankers and several reconnaissance aircraft.

At present, the Soviet inventory includes from 125-145 Bear and Bison long-range bombers and about 40 long-range Bison tankers. These bombers have been in service since 1956 and today they average 17 years in age. Neither the Bear nor the Bison has the range, speed, and weapons load of their American counterpart, the B-52 and were described by the Department of Defense as "distinctly inferior," even in the mid-1960s. The Defense Department says that it has no evidence that the Soviets intend to deploy a new heavy bomber, analogous to the B-52 or the proposed B-1, in the near future.

The Soviets have, however, continued testing of a new, swing-wing, medium-range bomber, nicknamed Backfire. During his tenure as Secretary of Defense, Elliott Richardson was publicly skeptical about the threat to the U.S. posed by Backfire if deployed in numbers.

Mr. Richardson conceded that Backfire's ability to bomb the United States "cannot be ruled out," but in testimony before the Senate Armed Services Committee he stated that, "the weight of the evidence favors the view that it is best suited for peripheral attacks" in areas adjoining the Soviet Union, not against the United States.

Backfire does have an inflight refueling capacity and, according to Admiral Moorer, "could prove to be an effective intercontinental bomber" under special conditions. More importantly, this worst-case supposition fails to answer one over-riding question: if the Soviets desire to improve their long-range strategic bombing capacity, why do they then not build a long-range bomber?

The evidence on Backfire thus indicates strongly that it was built to provide the Soviets with a medium-range bomber to be used against a possible Chinese threat. Hence, the Soviet long-range bomber fleet remains in its diminished state and the threat to U.S. national security is likewise minimized.

Neither the Soviets nor the Chinese are concentrating on the development of a new long-range bomber program. Strategic analysts consider that the Peoples' Republic of China is emulating the Soviet Union at least to the extent of concentrating on strategic rocket forces rather than manned bombers.

In 1965, then Secretary of Defense Robert S. McNamara, in testimony before the Senate Armed Services Committee, noted:

> Our present system for defense against manned bomber attack was designed a decade ago when it was estimated that the Soviets would build a force capable of attacking the United States with many hundreds of long-range aircraft. This threat did not develop as estimated. Instead, the major threat confronting the United States consists of the Soviet ICBM and submarine-launched ballistic missile forces.

Mr. McNamara's analysis continues to hold true today, prompting hard questions as to why the U.S. is about to embark on a costly new air defense scheme. The principal reason for the decade-long decline in U.S. air defense is the decline in the bomber "threat" against which such air defense is directed; it is not, as has been suggested, the prior claim on the Defense Department dollar of Vietnam requirements, which became significant only after ADC began its phase-down. Neither the widely separated landings of the Cuban planes, which pose no threat to U.S. security, nor the new Soviet medium-range bomber provide sufficient justification for so expensive a system as AWACS or for reversing a long-standing policy of light air defense against a remote and ever less realistic contingency.

If AWACS cannot be justified for the purpose of air defense, then it becomes extremely difficult to justify it on a cost-effectiveness basis for tactical purposes. In short, it would be cost-effective for tactical missions only if it is going to be procured in large lots for air defense, which would drive the per-unit cost down.

As regards the tactical justification for AWACS, no argument based on a specific "threat" has been advanced, though Air Force testimony before the Congress in 1972 stressed its use in possible European and Middle Eastern contingencies. The Air Force claims, however, that AWACS can be deployed "at any level of military action ranging from a show of force through general war."

AWACS is being proferred as a more cost-effective system than the make-shift arrangements developed in response to unforeseen conditions encountered in Indochina. It is being developed in advance of the final decision or even knowledge of the capabilities on the Improved Manned Interceptor. Though the Air Force claims that this system will be viable in any foreseeable war, it is in fact being designed to meet the conditions of the past rather than those of the future - in both its tactical and strategic roles. It will dictate rather than respond to the capabilities of the IMI, which may take advantage of further advances in radar technology that would substantially obviate the advantages of AWACS.

Regardless of the Air Force experience in Vietnam, the following questions need to be answered:

What other options exist that could be "designed from the ground up" for the tactical air environment?

Are they more or less cost-effective than AWACS?

How was the requirement for ten AWACS for tactical battle management generated, in view of the assumed U.S. withdrawal from air operations in Southeast Asia by the time the first aircraft would become available? What air wars, theatres, or contingencies does the Air Force plan to deploy AWACS in and is it the relevant system for all such eventualities?

Are ten AWACS enough, given the reduction in on-station time from five to seven hours? Or is ten just the first of an anticipated series of AWACS "buys" for tactical applications?

Will AWACS be an effective system or the most effective system for battle management under all conditions and as advances are made in the capabilities of surface radars and radars carried aboard fighters and fighter-bombers?

C. Technical Evaluation

The two principal functions performed by the AWACS aircraft, as previously noted, are the detection and tracking of hostile aircraft and the vectoring of aircraft to intercept and destroy them.

Since the battle management function can be as readily performed by ground controllers in either fixed-base or mobile facilities - given the same data inputs - the feature which distinguishes the AWACS concept from current ground or airborne command and control systems is the "forward observer" capability that it gains from the look-down radar. This radar permits target acquisition in advance of surface, line of sight radars and greater target discrimination than is foreseen for the OTH-B radar.

This advantage is achieved, however, at the risk of considerable vulnerability. In fact, the hazards run may be of such magnitude as to literally 'wipe out' any potential advantages. Thus, AWACS' greatest strengths are also its greatest weaknesses.

Because of its radars - which emit strong impulses in all directions - and because of its proximity to the scene of any aerial engagement, AWACS is extremely vulnerable to radar-homing missiles, such as analogs to the U.S. passive-homing Hound Dog II or Shrike missiles. Although defense intelligence estimates hold that the U.S.S.R. does not now have such a missile in development, the technology is available for such development and the Soviets or other potential adversaries could exploit it on a "quick fix" basis, if driven to do so by the deployment of AWACS.

The Air Force contends that AWACS will be stationed, in a tactical mode, far away from the air theatre; yet it will become the obvious point of attack for an enemy threatened by U.S. tactical aircraft. And it must be presumed that such an enemy will be able to deploy a heavier and more sophisticated air defense system than North Vietnam used against U.S. pilots in the Indochina air war. Hence, the air war is very likely to center about the AWACS aircraft, as the weakest point in the U.S. command and control system, unless it is able to operate from sanctuaries, such as the airspace over an adjoining neutral country - an unlikely possibility or at least one that cannot be counted on.

Even if not hit by enemy missiles, the AWACS aircraft with its sophisticated electronic equipment is highly vulnerable to the effects of near-by explosions, especially nuclear detonations with their associated X-rays, which would accompany any full-scale strategic attack. Without downing the aircraft, such electromagnetic emissions could render inoperative much of the critical data analysis and communications equipment required to make AWACS a viable system.

Given the vulnerability of AWACS to the kinds of threats described above, it would appear necessary to have some sort of back-up capability to take over control of interceptors in those sectors where AWACS aircraft are downed or inoperative. Because there would be no time for replacement aircraft to take station, such a back-up capability would presumably have to be ground based. While military planners concur in the prudence of such redundancy in designing highly complex weapons systems, there is no realistic back-up capability for the AWACS system as it now exists. Nor has the Air Force proposed one, perhaps from a concern that acknowledging the need for a back-up capability or system would undermine support for AWACS.

Another question which must be decided in any realistic assessment of AWACS is whether it is cost-effective in comparison to defense against it. This involves consideration of the cost differential between AWACS and any counter-measures. Here the vulnerability of AWACS is illustrated in cold, hard cash, for the cost to any adversary of equipping his bombers with 'radar-busting' missiles effective against AWACS is very slight as compared to the cost of each AWACS aircraft to the U.S. The AWACS is thus a very high-priced target for relatively low-cost, state-of-the-art missiles. To offset any advantage the U.S. derives from this expensive system, an adversary need only invest a proportionally small amount in stand-off missiles which may already be a part of his aircraft weapons package. In short, AWACS can be neutralized cheaply, depending on the size, character, and effectiveness of the electronic-countermeasures (ECM) package it carries and depending on the ability of a determined adversary to overwhelm that ECM capability with 'radar-busting' missiles. Any increase in the ECM package to defend AWACS involves, of course, a reduction in the system's capacity to perform its primary mission of aerial surveillance and battle management.

Other questions arise in connection with AWACS tactical mission. If it is used to offset the kinds of difficulties encountered by U.S. pilots in Indochina, then it will presumably be launched prior to raids by U.S. fighter-bombers, in order to be on station in time to direct these aircraft and assist them in carrying out their attack mission. Such early launching provides the adversary with a warning of impending attack and permits him to alert his own air defense forces, including missile batteries and interceptors which could be used to knock down the AWACS aircraft. Even if not destroyed itself, the AWACS aircraft is going to have a difficult time managing U.S. aircraft. The AWACS can use 'jamming,' 'masking,' and other electronic countermeasures to confuse enemy radars, missiles, and interceptors, but such ECM techniques would themselves provide a warning of impending attack while not necessarily making the AWACS invulnerable. They also entail, as noted, a sacrifice in the mission payload of the AWACS aircraft.

If, on the other hand, AWACS is deployed in a defensive tactical situation, as might occur in Europe, it is questionable whether it could be launched in time or possesses the time-to-station capability necessary to be of use in the critical opening phases of an enemy fighter-bomber attack. The enemy, having the advantage inherent in the offense, could take measures necessary to destroy AWACS on the ground or to have fighters prepositioned to intercept AWACS en route to the scene of battle.

A further question on AWACS centers on deployment doctrine. Current planning in the air defense role is for AWACS aircraft to take station some 1,000 miles from its home airfield. This would place it well ahead of the operating range of current or planned interceptors, which have a maximum combat radius of 350 miles, if recovered at other than home airfields. This disparity in operating ranges means that AWACS will be well out in front of any possible protective cover and hence unable to avail itself of fighter cover to overcome its vulnerability.

Moreover, it would appear that the AWACS would have to be deployed in some sort of "saw-tooth" pattern, with distant aircraft operating somewhat in the fashion of the old radar picket ships and passing tracking data to AWACS aircraft closer in and better able therefore to manage the interceptors. If adopted, this type of defensive array would seem to require more AWACS aircraft than are currently being requested for air defense.

The complexity and sensitivity of AWACS' internal electronics systems is attested to by the fact that Air Force planning calls for a team of four communications-electronics technicians to be an integral part of each AWACS crew. The tasks of these airmen, in addition to operating much of this equipment, include serving as technical controllers and maintaining the equipment in a ready status - switching to back-up systems, replacing malfunctioning equipment modules with operational spares carried on board, and making on-the-spot repairs when possible. Although all of the technical problems with the AWACS electronics package have not yet been overcome, it poses, when and if perfected, hard questions about system reliability.

Given the difficulties inherent in maintaining so complex an electronics system in a state of readiness under the limitations imposed by an airborne platform, it must be supposed, on the basis of probability curves, that some portion of this package in one or more aircraft will malfunction under operational conditions. Should an irreparable malfunction occur in a critical component or components of the system, the AWACS aircraft would lose the capability to perform one or more of its several interrelated tasks, diminishing its effectiveness. In such an event, an air defense sector would be left uncovered, partially covered, or would have to be assigned to another AWACS platform, perhaps creating problems of system overload, until a replacement aircraft could take up station.

It requires no worst-case hypothesis to anticipate these occurrences. The Air Force has taken them into account in trying to develop an electronics package that will be as trouble-free as possible and will possess a back-up capability. Since no system will be 100% trouble-free, especially in an airborne platform, the possibility exists that one or more AWACS aircraft will be inoperative or have a seriously reduced operating capability even before encountering combat conditions. Thus the following questions need to be answered:

What measures are being taken in designing the equipment package to increase system reliability, to protect it from heat and vibration, and to provide a back-up capability?

What system reliability standard does the Air Force expect to achieve with AWACS, i.e., what per cent of the air defense fleet will be fully operational when it arrives on station under alert conditions?

What progress had been made to date in achieving this reliability level?

What measures are planned to offset system failures - shifting coverage to other AWACS platforms, holding aircraft in reserve to fill gaps as they develop, etc.?

The Air Force has not explained precisely what deployment doctrine would be adopted. However, all options that would take advantage of the AWACS concept and capabilities, as well as allow for its limitations, would appear to require more aircraft than are presently being planned, even assuming that AWACS is used only for point defense (cities, military targets, industrial complexes) rather than area defense and even assuming that AWACS is not utilized in full-time patrol operations.

For example, under alert conditions, AWACS aircraft may have to remain on station for extended periods. On-station time without inflight refueling has been cut from the desired seven hours to five by the recent decision to equip AWACS with four TF-33 P-7 engines, instead of eight of the developmental TF-34 engines which are not now in inventory. Though desirable from a cost standpoint, this 29% reduction in on-station time represents a serious reduction in AWACS' effectiveness.

The on-station time can be increased either by inflight refueling, the preferred option, or by rotating AWACS aircraft. The former option would be 'tanker-expensive,' perhaps necessitating the procurement of additional tankers, while the latter option would require more AWACS aircraft to achieve the same level of on-station time. The latter, moreover, would be less efficient in that on-station time would be still further shortened for each aircraft by the time required to deploy and recover.

In short, to be militarily effective, the AWACS program will likely require many more aircraft than are now contemplated. Even if more are procured, it will remain only a "part-time" system, unless aircraft are deployed on expensive, full-time patrols, and it will still not provide a "leak-proof" defense or a guaranteed battle management capability.

It is worth pointing out in this regard that the ground support equipment and facilities needed to maintain the exotic electronics systems aboard the AWACS platforms would negate wide air base dispersal, unless these expensive facilities were provided at a large number of sites. Hence, the 32 aircraft would likely be "bedded down" on no more than 3 or 4 bases and, with only five hour on-station capability, this situation could mean even more reduced AWACS coverage or increased vulnerability to being destroyed on the ground.

A remaining question about AWACS concerns the phasing of this program with the other facets of the modernization plan, especially the OTH-B radar. In its 1973 report on AWACS, the Government Account-

ing Office criticized the Air Force for failing to time-phase the OTH-B program with AWACS, noting that:

> The OTH-B has been in the validation phase for about 30 months as a result of apparent indecision as to the priority of the program. This indecision centers over several issues which include the validity of the manned bomber threat; whether there is sufficient and valid test data to demonstrate the system will work; and whether modification to existing systems would suffice. Consequently, the entire program is being reassessed.

Since the anticipated AWACS acquisition schedule does not coincide with the OTH-B schedule, the possibility exists that the Air Force could begin production of the AWACS aircraft without certain knowledge that the vital "tip-off" system, i.e., OTH-B, is going to be ready, adequate or even feasible. Equally important is the consideration of the manned bomber threat. If there is question about the validity of this threat which would obviate the necessity for OTH-B, then it would seem equally to obviate the necessity for AWACS.

* * *

The foregoing analysis bears out the testimony of General Vandenburg and Admiral Moorer that the expense associated with any attempt to achieve meaningful air defense is prohibitive, while the gains to be drawn from such an attempt are at best minimal. The advantages of the offense simply overwhelm any benefits that might accrue from so vulnerable and costly a system as AWACS. Nor does AWACS, in a tactical mode, offer sufficient advantages to make it worthwhile procuring the system for that purpose alone.

In order to assure its effectiveness in a tactical application, three AWACS will apparently have to be deployed to obtain optimum coverage of a given area. In a letter dated March 20, 1972, the Secretary of the Air Force provided information concerning the look-down detector capability of AWACS and noted the following:

> They (referring to the radar systems) will be able to do very effective strobing and when two or more AWACS are combined, the triangulation effect will be superior to today's state of the art radars.

Thus, not one but two or more of these expense aircraft would be exposed to the enemy to achieve the desired coverage of a given sector, thereby increasing several-fold the risks of loss to enemy missiles or interceptors.

An increased electronics surveillance capability is being built into the coming generation of U.S. fighter-bombers and tactical aircraft. Presumably, this capability will be enhanced in any follow-on generation of tactical aircraft. While it is not expected or even desirable that these aircraft could operate without central command and control, it is necessary to ask whether the AWACS aircraft will sufficiently supplement the surveillance capability of future ground

installations and tactical aircraft to make it worth the expense. If AWACS can provide only minimal additional protection and direction to the next generation of fighter-bombers, as contrasted with ground surveillance and air control facilities, then its justification is even further undermined.

D. Strategic Deterrence Evaluation

Any decision to go ahead with AWACS also implies certain views about nuclear strategy, views which appear to run counter to our previous thinking on this subject. It seems to imply, for example, that a first-strike against the U.S. would come in the form of or be spearheaded by a bomber attack, rather than by missiles.

For many years, however, it has been assumed that the putative first-strike would be led by missiles, with bombers being held in reserve by an adversary for use, if at all, in a back-up or mop-up capacity. This planning assumption is based on the fact that, on the average, bombers staging from the U.S.S.R. would require some 8-12 hours, depending on course, altitude, and speed, to reach target; hence, any nuclear attack spear-pointed by bombers could be easily detected (either through ground communications or aerial reconnaissance) as the bombers departed their airfields, thus leaving considerable time to prepare defenses against them.

The assumption that a first strike would be led by bombers is unwarranted in view of (1) the declining force levels for Soviet long-range bombers, (2) by the decision of both the Soviet Union and the Peoples' Republic of China to concentrate on medium-range bombers for peripheral threats and missiles for distant threats, and (3) by the obvious logic of attack imposed by the much shorter time-to-target of ICBMs and SLBMs, as compared with bombers. The diminishing viability of the long-range bomber as a nuclear strike weapon should be as evident to the U.S. as it is to its hypothetical adversaries.

Yet there is another, equally compelling reason for questioning the utility of expensive defenses against a minimal and declining 'threat.' It is found in the SALT Agreements concluded by the U.S. and the U.S.S.R. a year ago.

In the ABM Treaty, the United States and the Soviet Union agreed to a policy of deterrence based on the mutual vulnerability of each power to the threat of a destructive missile attack. If the U.S. is willing to limit anti-missile defenses to two sites only, then it is equally justified in remaining open to the far less likely threat of a bomber attack.

If offensive missiles are thus to have a "free ride" to their targets in support of a policy of mutual assured destruction, then there is no adequate justification for the U.S. spending huge sums of money to deny a free ride to bombers, when there is every indication that the putative adversary has neither the forces nor the intent to

employ this kind of weapon against the U.S. Nuclear war scenarios ordinarily are based on the expectation that bombers will play a "clean-up" role in the wake of a missile attack; thus, if the U.S. accepts vulnerability to these missiles, it is unlikely that there will be any OTH-B radars or AWACS aircraft to respond to the later bomber raids in any case.

III. Economic Evaluation

The Air Force in the FY 1974 budget request estimates the total cost of the AWACS platform to be $2.534.7 billion for a fleet of 42 aircraft, after changing from an eight to a four-engine configuration, with consequent reductions in cost. The year-by-year cost of AWACS, as estimated by the Air Force, is presented in the table below.

COST DATA

(in millions of dollars)

	FY 71 and prior	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78	Total Program
ACFT QTY (Cumulative)		2	4	4	27	42			42
Program Acquisition Cost	178.9	139.3	194.2	209.5	1067.1	641.4	92.9	11.4	2534.7

Not included in this table is the $25.7 million cost of the Overland Radar Technology studies required to develop the radars for AWACS. Further, the General Accounting Office, in its March, 1972 study, noted that the Air Force had failed to identify $65.6 million in peripheral, below-the-line-item or hidden costs for AWACS.

Assuming that no other hidden costs are uncovered, that no overruns are experienced, that the inflation rate returns to the low level used by DoD in its cost calculations, and that no cost-impact engineering changes are ordered over the life of the program, the per-unit program cost of the AWACS platform will amount to $63 million for procurement of 42. This figure does not, of course, include the costs of the associated OTH-B and IMI programs or any new back-up system.

Furthermore, these conservatively estimated cost projections for AWACS do not include the additional costs in operations and maintenance (O&M) funds for keeping the AWACS fleet in service or retaining a back-up capability, SAGE or whatever. Although estimates of these O&M costs were developed in order to compare (favorably but perhaps unfairly) AWACS to the early generation SAGE system, they have not been provided in an updated or unclassified form.

Historically, such costs have been extremely high for sensitive electronics systems, even when mounted in stable surface installations. Experience with other sophisticated, airborne electronics packages, such as the sensor aircraft employed by the Navy and the Air Force in Vietnam (EC-121M, C0141, etc.), indicates that, despite and in part because of special measures taken to protect equipment against

engine vibrations, heat, etc., the O&M cost of such systems is very high, thus adding substantially to the total cost of the system over its lifetime.

Hence, though attempts have been made to reduce AWACS costs (chiefly by changing the engine specifications and some of the communications equipment to provide for use of items now in inventory, the acquisition and O&M costs will remain high even under the most optimistic cost-growth assumptions.

The conservatively estimated acquisition price-tag of $63 million for each AWACS platform represents a significant capital investment in absolute terms. It looms even larger when the cost of each aircraft is measured against the cost of developing a missile capable of neutralizing it, probably no more than a few hundred thousand dollars per missile.

More significantly still, the total program cost of AWACS, including both acquisition and O&M costs, is very high relative to its incremental contribution to the national security and relative to the steadily diminishing bomber "threat." If the AWACS platform could provide "air-tight" defense against bombers, the relative cost would still be high but perhaps justifiable. Yet the prevailing opinion is that it cannot provide leak-proof defense; hence, the cost of the program becomes even more difficult to justify.

As a tactical system, the AWACS or E3A aircraft will not stand alone; that is, the cost of procuring this system in limited numbers for tactical purposes alone would climb astronomically. Though the Air Force, in testimony before the Senate Armed Services Committee in 1972 and again in 1973, did much to stress the applicability of AWACS in a hypothetical European combat environment, providing overlays to show the possible AWACS coverage of that theatre, the system is again being matched against a threat which is declining in political terms. If AWACS cannot be justified for the purposes of strategic air defense of the U.S., then it is difficult to rationalize its procurement, at a significantly higher cost, for tactical application alone.

Although the Air Force has made commendable efforts to control the cost of AWACS, the system nevertheless fails to meet basic cost-effectiveness criteria when measured against the urgency of the "threat" and the cost of defending against AWACS.

IV. Conclusions

The principal factors to be considered in any decision to fund the modernization of the U.S. air defense capability are set forth below. Each element of the analysis must be considered in relation to the others.

1. The degree and nature of the strategic bomber threat from any adversary.

2. The limitations inherent in trying to devise effective wide-area defenses against air attack.

3. The reliability and vulnerability of any system proposed to enhance air defense.

4. The costs associated with any such system.

5. The alternative applications and justifications of such systems, i.e., the contribution of OTH-B to civil air traffic control, the contribution of AWACS to tactical air battle management, or the other combat roles of an improved manned interceptor.

6. The necessity for defense against strategic bomber attacks in view of the agreement to minimize ballistic missile defenses.

In conceptual terms, there is, as the Air Force contends, a requirement in strategic air defense for early warning, command and control, and interception. This does not mean, as the Air Force also contends, that AWACS is the best response to the command and control requirement or that it is indispensable to air defense. Its expense, its vulnerability, and its reliability make it the weak link in the air defense modernization scheme.

Assuming first that there is a need for heavy air defense against bomber attacks, the Air Force should be tasked to develop a command and control system that will meet the criteria of survivability (including adequate back-up capability), low-cost and system reliability.

If, on the other hand, the assumption of a need for heavy bomber defense is relaxed, then each of the three modernization proposals must be justified on the basis of its alternative uses.

The OTH-B, by bouncing radar impulses in series off the ionosphere, is potentially capable of detecting low-flying aircraft over three million square mile of territory, as well as low-trajectory submarine-launched cruise missiles. It would also, if perfected, improve civil air ground control facilities. The current estimate of the program acquisition cost of the OTH-B system - $131 million - represents a relatively small expenditure for so many potential gains.

The need for a manned interceptor, preferably improved if such improvements can be attained at a tolerable cost, is similarly justifiable. In addition, the IMI would have a tactical application.

AWACS, however, cannot be justified alone on the basis of its alternative mission, tactical air battle management, for it is not cost-effective and remains vulnerable to state-of-the-art defenses. A tactical air command and control system should be designed to cost, rather than being added to an air defense system which cannot be justified in its own right.

The utility of manned interceptors and OTH-B can thus in some measure be judged independently of AWACS, despite the Air Force assertion that AWACS is indispensable to the other two. However, the converse is not true, that is, AWACS cannot be considered in an air defense role independently of OTH-B and manned interceptors, since it depends on the OTH-B for early warning and on the fighter for interception. While it is correct to say that some form of control is indispensable to the effective use of interceptors, that form of control need not be AWACS.

Since it is dependent on the OTH-B and manned interceptors, AWACS or an alternative system should not be pursued such a way that the Department of Defense is committed to it before the capabilities of OTH-B and the manned interceptor are well known. The present program involves just such a commitment, as GAO studies have shown.

In 1973, the Air Force was provided funding to permit the construction of two more AWACS aircraft, beyond the two already procured for the radar competition between Hughes and Westinghouse, which was won by Westinghouse. Although purchase of the follow-on aircraft does not formally constitute a production decision, such a purchase, bringing the total number of expensive pre-production aircraft to four, would represent a strong and perhaps unalterable commitment to production by the Defense Department and the Air Force.

It seems apparent, though, that there remain enough unanswered questions about AWACS, even in the minds of DoD and Air Force officials, to reappraise the problem of command and control for air combat. Such a reappraisal must consider:

1. The need for air defense against bombers.

2. Other options for surveillance and command and control and their costs.

3. The performance characteristics of improved interceptors.

4. The successful completion of the OTH-B program and its performance characteristics.

RECOMMENDATIONS

Based on the foregoing analysis, it is recommended that Congress:

1. Delete funds for any further aircraft procurement in connection with the AWACS program.

2. Continue funding of the OTH-B radar program.

3. Reduce funding for the AWACS program to a level sufficient to provide for minimum research and development, especially on the electronics system.

4. Direct OSD and the Air Force to provide studies on the points raised in this study, specifically on all options to AWACS to fill the command and control requirement in a tactical environment.

5. Allocate funds for the study of aircraft to fill the IMI role, including the study of aircraft now in development.

Chairman MCCLELLAN. The subcommittee will recess until the call of the Chair.

[Whereupon, at 12:20 p.m., Tuesday, July 24, the subcommittee was recessed to reconvene at the call of the Chair.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1974

WEDNESDAY, SEPTEMBER 12, 1973

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:40 a.m. in room S–126, the Capitol, Hon. John L. McClellan [chairman] presiding.

Present: Senators McClellan, Stennis, and Young.

DEPARTMENT OF DEFENSE

NONDEPARTMENTAL WITNESSES

SUBCOMMITTEE PROCEDURE

Chairman MCCLELLAN. The subcommittee will come to order.

The Subcommittee on Defense Appropriations began hearings on the proposed Department of Defense budget for fiscal year 1974 on March 26.

Military and civilian officials from the Department have testified in more than 30 executive sessions. Those public witnesses who requested to present testimony were heard in open session.

Following those sessions, on June 28 I invited every Member of the Senate to submit his views on the defense budget to the committee either in person or by way of a written statement.

On July 24, several Members of the Senate appeared before the subcommittee to present their views on the pending budget. Others submitted written statements for the hearing record.

On July 31, I renewed my invitation to every Member to afford us the benefit of his comments and observations on the pending defense budget.

LETTER TO MEMBERS OF THE SENATE FROM CHAIRMAN M'CLELLAN

At this point in the record, there will appear the letter that I wrote on July 31, 1973, to each Member of the Senate inviting him to appear before the committee to express his views on the Department of Defense appropriation request for fiscal year 1974.

[The letter follows:]

JULY 31, 1973.

DEAR SENATOR: I would like to reiterate my invitation for you to present your views on the 1974 Department of Defense budget to the Defense Appropriations Subcommittee either through direct testimony or by way of a written statement.

During the past 6 months, we have taken extensive testimony from Department military and civilian officials, and we are earnestly seeking expressions and suggestions from our colleagues in the Senate regarding the amount that should be appropriated for the Military Establishment.

Certain military funding proposals have already engendered some degree of controversy and debate; and as we move into an era free of hostilities, the subcommittee would like to compile the fullest possible hearing record.

I again urge you to give us the benefit of your views, and in an effort to accommodate you and others, I have set aside the mornings of September 11, 12, and 13 for the purpose of hearing Members of the Senate. Please advise the subcommittee staff on Ext. 57253 which date will be most convenient for you.

With kindest personal regards, I am

Sincerely,

JOHN L. MCCLELLAN, *Chairman*

RECOGNITION OF SENATOR STENNIS

Chairman MCCLELLAN. Three days this week were set aside to hear them. Twelve Senators are scheduled to appear this week. We expect to keep the record open until August 21 for those other Senators who may desire to submit statements.

In addition, I want to acknowledge the appearance of and welcome a distinguished colleague of this subcommittee, Senator Stennis, who has returned after an absence of a long period of time due to a regrettable tragedy.

We are glad to have you back with us, John. We have had problems all the while you were gone, possibly more acute and aggravating than ever before. So we are glad to have you back, to have you labor with us and counsel us and help us resolve these problems today.

Senator STENNIS. Thank you very much, Senator. I am delighted to be back. I have chosen this subcommittee to try to get tuned in, so to speak, to acquire the facts and help where I can.

Chairman MCCLELLAN. There is no place where your help is needed more than right here.

Senator YOUNG. And there is no place where you are more welcome.

Senator STENNIS. Thank you.

Chairman MCCLELLAN. We shall proceed.

Our first witness this morning is Senator Cranston.

STATEMENT OF HON. ALAN CRANSTON, U.S. SENATOR FROM CALIFORNIA

PREPARED STATEMENT

Senator CRANSTON. Good morning, Mr. Chairman.

Chairman MCCLELLAN. I note you have a rather lengthy prepared statement. Do you wish to read it in full?

Senator CRANSTON. No, I do not, Mr. Chairman. In the interest of saving your time, I will submit my statement for the record.

Chairman MCCLELLAN. Very well. We will insert your statement in full in the record, and you may highlight it or comment further as you wish.

Senator CRANSTON. Thank you very much.

Chairman MCCLELLAN. The statement will be received and printed in the record in full at this point.

[The statement follows:]

I appreciate the chance to be here this morning and to share with you some long range thoughts I have been exploring on the subject of overseas troops.

You have often heard the figures before: 34 countries host no less than 1,963 U.S. military bases, installations, and properties, of which 323 are defined as "major". The total direct and indirect cost of maintaining troops on these facilities--including pay, transportation, back-up support and logistics--is roughly $30 billion a year, broken down between $17 billion for Europe and $13 billion elsewhere. Altogether, 606,000 American troops are stationed overseas, indluding 564,000 in foreign countries and 42,000 in U.S. territories and possessions. Herbert York, former Director of Defense Research and Engineering at the Defense Department, has estimated that less than half of the military budget goes for defense directly related to the protection of the U.S. The balance of payments deficit attributable to military spending overseas is approximately $4.9 billion.

What I want to do this morning is to demonstrate that no more than a small fraction of this overseas deployment is really vital to the interests and national security of the United States and our allies. Specifically, I suggest beginning with at least a 15% cut in FY 1974.

To explain this statement requires s brief look at the changes that have taken place in the world since this vast network of overseas bases was constructed and since the policies behind them were formulated.

It's often said that the relaxation of Cold War tensions justifies an overseas pullback. But this is much too general a statement. After all, countries like the Soviet Union and the People's Republic of China are powerful in their different ways, with interests diverging sharply from our own. An outright attack from either of them on us or on our allies is always possible. But as the record of the last twenty years shows, violence is more likely to break out in local theatres--the Middle East, Southeast Asia, the Indian subcontinent, or the Congo--than on a global scale among the big powers.

Unfortunately, we still live in a violent world, and both our foreign policy and our defense policy must take that reality into account. We must be prepared to defend ourselves and to meet our treaty commitments.

But although international violence is old, there is much that is new.

A very important change that has taken place in the last quarter of a century is economic. It has been U.S. policy to help promote the economic development of our allies, and here we can register an outstanding success.

When postwar U.S. troops were initially committed to Europe on a large scale, in 1951, the combined GNP for European NATO members was $46.9 billion. Now it is $831.9 billion.

In 1950, Japan's GNP was only $11 billion. Now it is the third largest in the world--$356 billion.

The United States helped to promote this kind of phenomenal growth through a generous economic aid program. For the developed countries, U.S. economic programs from 1946 to 1972 totalled $28,411,700,000. For less developed countries for the same period, these programs amounted to $80,103,000,000.

At the same time, the U.S. carried out a worldwide effort to build up the military capabilities of non-Communist countries. Military

programs to Europe from 1946 to 1972 came to $14,393,600,000, and for the less developed countries the figure was $40,963,000,000.

And, particularly in recent years, the traffic in conventional arms has grown to spectacular levels. In FY 1973, U.S. arms sales on a government-to-government basis reached nearly $4 billion. That figure is roughly double the figure for FY 1971 ($2.07 billion) and quadruple the figure for FY 1970 ($914 million).

All of these aid programs and sales have led to a world of large armies.and highly sophisticated arsenals. We should realize that our allies are far, far more capable of defending themselves now than they were at the close of World War II.

Take South Korea, for example.

South Korea's Army numbers 600,000 men, as compared with North Korea's 360,000. Eight South Korean divisions and a Marine brigade, many of whose soldiers have Vietnam combat experience, are stationed at the DMZ. The prestigious Institute for Strategic Studies in London has concluded that the South Korean Army is amply prepared to defeat any invasion from the north.

Yet the United States maintains 40,000 troops in South Korea at an annual cost of $584 million. We have an entire division at the DMZ. Our soldiers man 32 major military installations.

Nor is this all, In FY 1973 the Military Assistance Advisory Group assigned to South Korea numbered no less than 406. Military grant aid in the same year totalled $134 million, not counting loans, military sales, ship loans, and transfers of excess property. And under a recent agreement, the United States will further modernize South Korea's armed forces to the tune of $1.5 billion over five years, including supplying the sophisticated F5E fighter.

There is much evidence that our manpower efficiency in South Korea is not what it should be. Our contingent there includes 18 generals and admirals. No less than 1,113 men staff the Eighth Army Headquarters, including 12 generals.

Whereas normally a field army headquarter controls four divisions, this one controls only one. And among that division, numbering 13,000 men, only 7000 are in combat-related duties. As an enlisted man told the Washington Post, "there are too many men and too little to do." Out of the 13,000 in the Army's Second Infantry Division, there were 11,6000 cases of venereal disease reported last year.

As former Secretary of Defense Melvin Laird stated to the House Armed Services Committee, "a large-scale conventional attack on South Korea is not likely in the future." In June of this year, South Korea finally agreed to dual UN membership for the two Koreas. Talks between the two are currently underway. A topheavy and costly American military presence 20 years after the end of the Korean War seems increasingly obsolete.

But I'm not suggesting we should rely entirely on North Korea's good intentions, or on a lessened likelihood of war. I'm saying that a realistic look at South Korea's strength in the context of the current situation practically demands a substantial U.S. withdrawal.

This is a country for which the United States sacrificed 33,625 American lives. U.S. taxpayers have given it $8.4 billion in military and economic aid over the years. (It is an area of vital interest to Japan as well, and we must be sure to consult with her before any withdrawal takes place.) Unfortunately, it became a dictatorship last fall, with hardly a murmur from the United States. But like it or not, South Korea is not a country we would abandon, nor am I suggesting that as an alternative.

I suggest that this is a country where in peacetime, a token U.S. force would suffice.

Japan is another example.

Japan's so-called "Self-Defense Forces" number a quarter of a million men. Her arsenal already contains T-2 supersonic trainers, C-1 jet transports, diesel-powered submarines, helicopter-carrying destroyers, and anti-submarine aircraft. Her army includes 610 tanks and 130 Hawk missiles, her navy 40 destroyers and 13 submarines, and her air force 490 fighters. Her fourth Five-Year Defense Plan, launched in October 1972, entails an outlay totalling $15 billion.

Yet out of 169,000 U.S. troops stationed in Asian countries (not counting the Seventh Fleet) roughly 60,000 are found in Japan and her territory of Okinawa.

On Japan's main islands, there are 125 U.S. military installations, of which 32 are considered major. These include 6 airfields, 2 naval bases, 2 bombing ranges, and 6 ammunitions depots. It a country where 103 million people live in an area slightly smaller than the state of California and where roughly 80% of the land cannot be inhabited or cultivated, American bases take up roughly 1% of the total area. As of 1970, roughly 70% of the U.S. bases, and 77% of the American personnel were located within 60 miles of Tokyo, especially in the densely populated Kanto plain. Anyone who has been to Japan recently knows that in Tokyo area the housing squeeze is appalling and that land prices have skyrocketed beyond belief. Sadly, American bases are also associated with drugs, a fact that greatly worries local authorities.

On Okinawa, where the drug problem is also worrisome, almost 25% of the total land area is taken up with American bases, 40% of which are in densely populated areas. A recent poll showed that 77.8% of Okinawans felt that U.S. bases should be eliminated or reduced. As Don Oberdorfer put it in the New York Times, Okinawans living in cramped quarters can see American officers strolling on spacious lawns and golf courses.

Menawhile, Japan is carrying out her own military buildup in Okinawa. She has sent at least 3100 airmen, including pilots for a squadron of 21 F-104J jet interceptors plus 1500 soldiers and 500 sailors.

When a member of my staff visited Japan last month, two high-ranking Foreign Ministry officials told her privately that it would be better for both countries for the United States to cut the size of its force level. The Nixon-Tanaka joint communique of August 2 states that the two leaders "concurred on the desirabliity of further steps to realign and consolidate the facilities and areas of U.S. forces in Japan."

Japan is an important and loyal ally whose interests are closely bound up with ours. Before affecting cuts we should make every effort to consult with her and to reassure her about the strength of our defense commitment. But it is ridiculous to keep 60,000 troops in a nation with the third largest GNP in the world. Since 1946, the United States has given or lent Japan over $5 billion in military and economic aid. It's high time we recognized that this investment has yielded a strong and increasingly self-confident ally.

Out of the roughly 300,00 U.S. troops stationed in non-European areas overseas, the two countries I have just discussed, South Korea and Japan, account for approximately one-third or 100,000. Roughly 50,000 more are located in Taiwan and Thailand.

Here we are beginning to see some encouraging signs from the Administration.

Just last week, the U.S. Pacific Command announced that the 274th Tactical Airlift Wing, constituting about one-third of the 9000 U.S. troops in Taiwan, would be brought home. This reduction marks a long-awaited first step toward the fulfillment of the Shanghai Communique, in which the U.S. "affirms the ultimate objective of the withdrawal of all U.S. forces and military installations from Taiwan" and pledges to begin that task in the interim "as the tension in the area diminishes."

Taiwan's armed forces are the seventh largest in the world, with over half a million men under arms. For the last ten years or so she has been spending 9 or 10 percent of her GNP on defense--a figure even higher than ours. Since 1949, U.S. military and economic aid programs to Taiwan have amounted to $5.2 billion. It just doesn't make sense to keep on spending $90 million a year there when it is now our public policy to withdraw our troops.

Thailand, of course, has been a major staging area for our massive bombing attacks on Indochina. It was to Tahiland, near the Laotian border, that President Kennedy sent the first sizable U.S. military unit--4000 Marines to fight in Indochina. The U.S. force level grew to 9000 in 1964, 36,000 in 1966 and 45,000 by 1973.

In Thailand today there is a larger concentration of American air power than in any country outside of the United States.

As announced last week, about 3550 American military men and 100 aircraft are being withdrawn, leaving at least 40,000 men and 500 aircraft behind them. For now, the B-52 fleet remains intact, an ominous reminder that the renewal of bombing is still a possibility.

Thailand and Taiwan are "safe" illustrations of my point that withdrawing troops makes military sense because the intention to withdraw has already been announced. But there is no sound military reason why this same spirits should not be extended elsewhere. Major candidates that spring to mind are Spain, with 9000 U.S. troops; the Philippines, with 15,000; Italy with 10,000; and Ireland, with 3000.

Other allies have been building up formidable arsenals through international weapons sales. Foreign orders for the new international fighter, the F5E, are expected to top 1000; Brazil has already ordered 48. Iran has placed orders with more than $2 billion for helicopters, F4 fighter-bombers, C-130 transport planes, F5E, and 707s fitted as aerial refuelers. In fact, Iran will have more sophisticated and up-to-date helicopters than we will.

Saudi Arabia is buying $1 billion worth of arms, including F4s, and is also interested in surplus destroyers and frigates. Deals with Kuwait total half a billion dollars and will include F-8 Crusader jet fighters. Spain is buying 8 vertical take-off jets from Great Britain. France has been busy selling her Mirage jets to Latin America. A South Vietnamese Air Force officer recently told the Washington Post:

> "If we have a good supply from the U.S. we can fight this war forever. Even without B-52s, we can do everything, and with precision, if we get enough equipment. Instead of one B-52, we can use 10 or 20 A-37s. It will take more time, but we will get the same results."

And so it goes, With the general exception of Africa, the world is armed to the teeth.

So far I have been talking about new military and economic realities. But arguments about numbers of U.S. troops overseas must also include a question which is political and psychological as well: for any given country, can a U.S. defense commitment be relied on?

Pressure from Congress for overseas cutbacks often evokes fear on the part of other governments that a troop withdrawal would signify the end of a meaningful American commitment. In their view, American troops are a human tripwire guaranteeing American military involvement should hostilities break out. Rational calculations that might keep us out of a given war will supposedly be swept aside by the sight of American boys bleeding on the battlefield. There is a corresponding conviction that without such a heart-rending stimulus we would selfishly abandon an ally to an enemy's attack.

I do not believe that the tripwire theory is valid. After all, Americans began to die in Indochina from 1961 on, but the decisive escalation did not take place until 1965. We sent troops to the Dominican Republic in 1965 not because American boys were dying, but because we believed--rightly or wrongly--that the survival of the government of Juan Bosch was contrary to U.S. interests.

Nor is the tripwire theory a wise foundation on which to base a decision to go to war. If a conflict breaks out overseas, there may be many good reasons for getting involved, most notably defending an ally from external aggression. But whatever our judgment, it should not be made on the basis of revenge.

But suppose the tripwire theory is valid after all. In that case, since in most countries existing U.S. force levels are not sufficient to meet a full-scale attack, a token force would serve the same purpose. If Japan were the victim of a massive conventional attack, for example, 60,000 troops would hardly be adequate. And in a nuclear attack they wouldn't be of much use either. From the point of view of the tripwire theorist, all we would need is a token force to get shot at.

Besides the tripwire theory, another issue frequently raised in support of a large overseas deployment is that of international treaties to which the United States is a party. In the FY 1974 Military Manpower Requirements Report, for example, the Department of Defense cites "U.S. commitments under primary applicable treaties" to justify much of its manpower request. The Department indicates that the "primary applicable treaties" are the NATO and SEATO treaties.

But the fact is that neither of these treaties specifies manpower requirements.

The NATO treaty for example, pledges that:

> "The parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack." (Article 3)
> "The members agree to consider an armed attack against one or more...shall be considered an attack against them all." (Article 5)

But each signer agrees merely to

> "assist the party or parties so attacked by taking...such action as it deems necessary, including the use of armed forces." (Article 5)

Article 11 of the NATO treaty declares that the provisions of the treaty shall be enacted by the parties to the teeaty "in accordance with their respective Constitutional process." The SEATO treaty contains similar langauage.

There is just no way of extracting from the NATO and SEATO treaties a rationalization for our overseas deployments. Actual levels

of men and hardware result from consultations and executive agreements with our allies.

If neither the tripwire theory nor our major treaty commitments justify our massive overseas deployment, what criterion should we use to plan this deployment in the long run? Given enough time to work out the diplomatic difficulties associated with a major withdrawal, what should be our final goal?

I have already suggested that if the presence of U.S. troops is largely symbolic, signifying to an ally the reality of an American commitment, for many countries then a token force would do just as well. I am thinking particularly of Asia, where involvement in another major war seems unwise as well as unlikely.

But before deciding where to post token forces, where to withdraw troops completely, or where under exceptional circumstances, to keep a sizable force, I think we in the Congress should ask ourselves the following question:

> "If we had NO troops overseas, where would we want to send them, and how many would we want to send?"

Some clear thinking here could provide a long-overdue initiative on redefining our foreign policy goals and interests, and reshaping our overseas defense policy accordingly. I think this reappraisal should include a hard look at all our present allies, for we may well want to keep our distance from some of the more corrupt and dictatorial among them. We should guard against intervening in civil wars on behalf of unpopular governments. We should continue to uphold the freedom of the seas. And so on.

I have no hard and fast answers to my question. But I do have some broad suggestions.

Generally speaking, in planning for the future, I think that whatever overseas military deployment we do maintain should reflect the new flexibility of today's international politics. For the most part, the structured, ideological, bipolar world view of the 1950's has given way to an interdependent international system.

Seyom Brown, a Senior Fellow at the Brookings Institution, described this new world forcefully when he wrote in Foreign Affairs that increasingly,

> --alignments over specific issues, rather than highly elaborated military alliances, will be the order of the day;
>
> --coalition partners on one issue may be opponents on another; and
>
> --military deployments will have little if any utility as bargaining chips for most of the issues among countries, private groups, and political movements.

Helping to reinforce these tendencies, he wrote, is that American foreign policy should be all about at this juncture of world history.

Among the first lessons to be drawn from the changing times is the need to reassess existing arrangements and the assumptions which they reflect. Significantly, in June of this year the 15 nations of NATO agreed to review their economic, political, and military arrangements in the light of the "profound changes which were taking place in every field of international activity." Both NATO's General Secretary, Dr. Joseph Luns, and private diplomatic sources said that the decision to subject NATO to self-analysis was one of the most important since its formal organization in 1949.

I would hope that similar reappraisals take place within CENTO, SEATO, and AMZUS, not to mention bilateral commitments.

Perhaps the second lesson to be drawn from the new flexibility in international politics is an even greater need for military mobility. I was interested to see that on August 30, Secretary of Defense, James Schlesinger told a group of newsmen that he was "damned interested in mobility". At present, the United States has 79 C5As, 13 squadrons of C-141s, and a Civil Reserve Air Fleet of some 300 planes. But Dr. Schlesinger indicated that in the event of a major war, these forces would be inadequate to move heavy equipment quickly.

Before recommending new appropriations aimed at expending our transport capacity, I would take a hard look at the mobile forces we have already, including our naval fleets. Even more important I would try to redefine our interests and to see how many of our alliances actually correspond with those interests. I would take into account the expanded rapid deployment capability that we have already developed. As a distinguished member of theSenate Armed Services Committee, Senator Hughes, has pointed out, "just four of our giant C-5 planes can carry as much as our entire military airlift command flew to Korea to respond to the outbreak of war there in 1950." Finally, I would try to estimate the likelihood of war in each geographic theatre. Only then would I decide whether or not a troop cutback from overseas required a new investment in mobility

Finally, our force planners, together with Congress, should take a look at contemporary warfare, including Vietnam, and reassess our overseas ground troops accordingly. There seems to be widespread consensus, for example, that the United States should not get involved in another major land war in Asia. Surely the bombing that we carried out for eight years was sufficiently devastating; the Nixon Doctrine even implies that others should do the ground fighting.

If I am correct, then we should severely prune our ground forces in Asia and re-examine their usefulness elsewhere in the world as well.

In summary, I recommend:

--a 15% cut in overseas deployment in FY 1974, meaning the withdrawal and deactivation of roughly 90,000 men; and

--similar cuts in the future, based on

*the strength and sophistication of our allies' forces;
*a clear-headed reassessment of our foreign policy goals and interests. and a corresponding redefinition of overseas defense policy,
*the new flexibility in international politics; and
*changing modes of contemporary warfare.

In a letter sent to me last month by the Defense Department, I found the following:

"The matter of overseas bases is part and parcel of the U.S. forces required to be overseas as part of the National strategy and policy...If that strategy of policy changes, our base structure will change accordingly."

Those changes are not likely to come from the White House. I think they should come from us.

Thank you.

OVERSEAS TROOP DEPLOYMENTS

Senator CRANSTON. I am very grateful for this opportunity to be with you and to express my thoughts to you. I have prepared a brief summary so that I will not impose upon your valuable time. If the basic thesis I am going to summarize now catches your attention and you wish to consider it further, my prepared statement contains a great deal of background material. I urge you and the staff members to take a look at it if you are so inclined.

I want to share with you some long-range thoughts that I have been exploring on the subject of overseas troops. What I want to do this morning is to demonstrate that no more than a small fraction of our overseas troop deployment is really vital to the interests and national security of the United States and our allies. Specifically, I suggest beginning with at least a 15-percent cut in overseas troops in fiscal year 1974.

To explain this statement requires a brief look at the changes that have taken place since this vast network of overseas bases was constructed. A very important change has been economic. When postwar U.S. troops were initially committed to Europe on a large scale in 1951, the combined GNP for European NATO members was $46.9 billion; now it is $831.9 billion. In 1950 Japan's GNP was only $11 billion; now it is the third largest in the world, $356 billion.

U.S. MILITARY EFFORTS WORLDWIDE

While this economic buildup was going on, the United States carried out a worldwide effort to strengthen the military capabilities of many, many non-Communist countries. Worldwide U.S. military programs from 1946 to 1972 added up to over $55 billion. At the same time, particularly in the last few years, the traffic in conventional arms has grown to spectacular levels. All of these aid programs and sales have led to a world of large armies and highly sophisticated arsenals. We should realize that our allies are far, far more capable of defending themselves now than they were at the close of World War II.

Take South Korea as one of just a few examples I will give. South Korea's army numbers 600,000 men, as compared with North Korea's 360,000. Eight South Korean divisions and a marine brigade, many of whose soldiers have Vietnam combat experience, are stationed at the DMZ. The prestigious Institute for Strategic Studies in London has concluded that the South Korean Army is amply prepared to defeat any invasion from the North.

Yet the United States maintains 40,000 troops in South Korea at an annual cost of $584 million. We have an entire division at the DMZ. Our soldiers man 32 major military installations. I suggest that this is a country where in peacetime a token U.S. force would suffice.

Japan is another example. Japan's so-called "Self-Defense Forces" number a quarter of a million men. Her arsenal already contains T–2 supersonic trainers, C–1 jet transports, diesel powered submarines, helicopter-carrying destroyers, and anti-submarine aircraft. Yet out of 169,000 U.S. troops stationed in Asian countries, not counting the 7th Fleet, roughly 60,000 are found in Japan and her territory of Okinawa.

In Japan, where 103 million people live in an area slightly smaller than the State of California, and where roughly 80 percent of the land cannot be settled or cultivated, American bases take up roughly 1 percent of the total area. Anyone who has been to Japan recently knows that in many areas the housing squeeze is appalling and that land prices have skyrocketed beyond belief.

In Okinawa, almost 25 percent of the total land area is taken up with American bases, 40 percent of which are in densely populated areas. A recent poll showed that 77.8 percent of Okinawans felt that U.S. bases should be eliminated or reduced.

In both Japan and Okinawa, American bases are associated, sadly enough, with drugs.

When a member of my staff visited Japan last month, two high-ranking Foreign Ministry officials told her privately that it would be better for both countries if the United States cut the size of its force level. Nevertheless, at least for the moment, the entire U.S. force in Okinawa and Japan is scheduled to remain.

Japan is an important and loyal ally whose interests are closely bound up with ours. Before affecting cuts we should make every effort to consult with her and to reassure her about the strength of our defense commitment. But it is ridiculous to keep 60,000 U.S. troops in a nation with the third largest GNP in the world.

RELIABILITY OF U.S. DEFENSE COMMITMENTS

So far I have been talking about new military and economic realities. But arguments about numbers of U.S. troops overseas must also include a question which is political and psychological as well: for any given country, can a U.S. defense commitment be relied on?

Many people believe that American troops are a human tripwire guaranteeing American military involvement should hostilities break out. Rational calculations that might keep us out of a given war will supposedly be swept aside by the sight of American boys bleeding on the battlefield. There is a corresponding conviction that without such a heartrending stimulus we would selfishly abandon an ally to an enemy's attack.

I do not believe that the tripwire theory has been historically valid, nor is it a wise foundation on which to base a decision to go to war. But suppose the tripwire theory is valid after all. In that case, since in most countries existing U.S. force levels are not sufficient to meet a full-scale attack, a token force would serve the same purpose. From the point of view of the tripwire theorist, all we would need is a small group of soldiers to get shot at.

If the tripwire theory cannot justify our massive overseas deployment, what should be our final, long-run deployment goal?

Before we can answer that question—where to post token forces, where to withdraw troops completely, or where to keep a sizable force—we have to ask ourselves the same question from a different perspective: If we had no troops overseas, where would we want to send them, and how many would we want to send?

Some clear thinking here could provide a long overdue initiative on redefining our foreign policy goals and interests and reshaping

our overseas defense policy accordingly. I think this reappraisal should include a hard look at all our present allies, for we may well want to keep our distance from some of the more corrupt and dictatorial among them.

Generally speaking, I think that whatever overseas military deployment we do maintain in the future should reflect the new flexibility in international politics. Increasingly, alinements over specific issues are cutting across highly elaborated military and ideological alliances.

MOBILITY REQUIREMENTS

The military lesson to be drawn from this new flexibility is the need for mobility. I noticed that on August 30, Secretary of Defense Schlesinger told newsmen that he was "damned interested in mobility."

I for one would be willing to consider a greater investment in our sea and air transport capacity in exchange for a steady overseas pullback. But before spending more money in this area, we should take a close, hard look at the mobile forces we already have. We should also reevaluate our commitments to see whether we really need as many men overseas—and in the same places—as we have had in the past, and have now.

CONTEMPORARY WARFARE

Finally, our force planners, together with Congress, should take a look at contemporary warfare, including Vietnam, and reassess our overseas troop needs accordingly. There seems to be some consensus, for example, that the United States should not get involved in another major land war in Asia. If that is so, then we should severely prune our ground forces in Asia and reexamine their usefulness elsewhere in the world as well.

RECOMMENDATIONS

In summary, I recommend a 15-percent cut in overseas deployment in fiscal year 1974, meaning the withdrawal and deactivation of roughly 90,000 men.

I also recommend similar cuts in the future, based on the strength and sophistication of our allies' forces; a clear-headed assessment of our foreign policy goals and interests, and a corresponding redefinition of overseas defense policy; the new flexibility in international politics; and changing modes of contemporary warfare.

And may I add that threats of a Presidential veto should not deter Congress from reducing overseas military spending. The cuts I recommend would strengthen our economy and hence strengthen our defense posture. Keeping the money at home will help fight inflation by reducing our balance-of-payments deficit and by stabilizing the dollar.

I want to close by quoting from a letter I received last month from the Defense Department. It said:

> The matter of overseas bases is part and parcel of the United States forces required to be overseas as part of the national strategy and policy . . . . If that strategy or policy changes, our base structure will change accordingly.

Those changes are not likely to come from the White House. I think they should come from us.

Thank you very, very much.

Chairman McClellan. Thank you, Senator.

DISTRIBUTION OF MILITARY PERSONNEL OVERSEAS

I will take occasion to read your statement in full. You have covered one aspect of our problem very thoroughly. I would ask you just two or three questions.

This gives me some concern. We note that there are some 60,000 military personnel of ours in Japan and some 40,000 in South Korea. We also have approximately 300,000 in NATO.

Senator CRANSTON. Yes.

Chairman MCCLELLAN. I don't know the exact number we have in Thailand.

Senator CRANSTON. In Thailand we have roughly 40,000 men.

RECOMMENDATION FOR PERCENTAGE REDUCTIONS

Chairman MCCLELLAN. Now in what percentage overall would you recommend that these forces over there be reduced? Would we bring them all home or what part of them?

Senator CRANSTON. I am not really proposing to make a specific recommendation on that. I think that should be left basically to the respective committees if they wish to make such recommendations, or else the Department of Defense. I do believe a significant cut could be made in each of those countries. We might possibly withdraw totally from Thailand and perhaps totally from Taiwan. I would not recommend getting all the way out of Japan.

DISPOSITION OF RETURNING FORCES

Chairman MCCLELLAN. I ask that question primarily as a preface to the next one. What do we do with these forces when we bring them back? Do we recommend our military strength be reduced proportionately, or do we keep them in the service here in the United States?

Senator CRANSTON. The Senate Armed Services Committee, chaired by John Stennis, has already recommended that 156,100 men could be safely deactivated from the current 2.3 million manpower establishment. I suggest that roughly 90,000 of these be brought home and deactivated to reduce the burden on the dollar and for other reasons that I have outlined in the statement.

Chairman MCCLELLAN. I point out that actually the cost of maintaining those men in this country is not a great deal more than it is in maintaining them abroad. Unless they are deactivated when they are returned, one doesn't receive the full benefit of a reduction in cost. I think what we need to determine as very best we can, is what we want the strength to our service to be. That would be a matter, I presume, to be decided in the authorization bill when it is finally enacted.

Senator CRANSTON. Yes.

Chairman MCCLELLAN. That is the first determination. I have entertained with some conviction, the belief that we should bring troops home from NATO, as the Senator may know.

Senator CRANSTON. Yes.

Chairman MCCLELLAN. And I still feel that way about it. The question is that, when we bring them back, if we don't deactivate them, the principal saving or benefit is going to be in keeping our dollars

here instead of adding to the balance-of-payments deficit. Just thinking out loud, it seems to me we have to determine first how many personnel we are going to keep in the service.

ALLIES ABILITY TO CARRY BURDEN OF MAINTAINING U.S. TROOPS OVERSEAS

I am in substantial agreement with what you say about some of our allies' present ability to carry a great deal of this burden that we have been carrying for so long. That is my position. I hope we can move in that direction.

Senator CRANSTON. Let me just say that I am aware of your feeling about our NATO forces. I share that feeling.

Chairman MCCLELLAN. I share it also with respect to Japan. We maintain 68,000 troops there. I know we have to keep some bases where we must. Some of this burden—we have been carrying world responsibility, so to speak—should be shifted and should be assumed by some of our allies who now economically have the capacity and the strength to support such forces and need not depend upon us to supply them.

Senator CRANSTON. We are in absolute agreement on that.

Chairman MCCLELLAN. Senator Stennis.

Senator STENNIS. Thank you, Senator.

Mr. Chairman, I won't make a statement. I do think the Senator from California has brought us very relevant facts and I agree with them.

PERSONNEL RETAINED IN UNIFORM

The key point, as the chairman said, I think goes to approximately how many men we are going to keep in uniform. I have been pressing for some systematic reduction, not for a meat ax approach, since I have seen the war in Southeast Asia was really going to be concluded.

Gentlemen, we have a new staff member this year on the Armed Services Committee. We didn't secure him until about May. I had primarily in mind then to wait for a year, so as to give him the rest of this calendar year for study, but he is a fast worker and he worked more rapidly than I thought he would to provide recommendations for the authorization bill. It is debatable how much will be recommended, but it goes to the money savings.

As you said, it won't provide a great money savings just to bring the division home from Europe, but there are other matters involved in any policy question, and it is a hard policy question involved in bringing home troops. I think some ought to be brought home from Western Europe. We put it off long enough.

Another question involved in this is the total strength of our forces. I think you are dealing with the things here that finally have to be settled.

BUDGETARY SAVINGS AS RESULT OF TROOP RECALL

Senator CRANSTON. Thank you very much, Senator Stennis.

May I just add two figures from the longer statement that we prepared. One is that if we did bring back the 90,000 men and deactivated them, there would be a saving of $923 million in the budget. Second, the present balance-of-payments deficit attributable to overseas military spending is $4.9 billion, so that pulling some troops back could have a tremendous impact on our balance-of-payment position.

Chairman MCCLELLAN. I believe that there was a chart submitted that indicates action so far by committees. The House has recommended

a reduction in personnel of only 0.58 of 1 percent and the Senate Armed Services Committee recommends, I believe, a reduction of 7 percent so we will be guided, I assume, by what ultimately is provided in the conference room on these two positions.

Senator CRANSTON. Yes.

Senator Stennis, on the $4.9 billion balance-of-payments deficit attributable to overseas military spending, whatever we pull back does reduce that particular factor quite apart from the question of whether we deactivate them. The deactivating gets to the matter of what we save in the budget.

DEPENDENCE ON ALLIES FOR SELF-SUPPORT

Chairman MCCLELLAN. Senator Young.

Senator YOUNG. Senator Cranston, there is much in your statement I agree with. I have long felt that we are inclined to try to police the whole world. In fact, our State Department is largely responsible for this policy especially with respect to Japan. We didn't trust them, we wanted to do all this policing of the Far East ourselves, but sometime or other we are going to have to trust some of our allies. We are not financially able or in other ways able to police the whole world. There are other areas of the world where we try to be the dominant military force where we should depend more on our allies.

I particularly refer to Western Europe. I recall nearly 20 years ago when Senator Ellender and I visited John J. McCoy, High Commissioner of Germany. We had the same argument about the withdrawal of troops, and for 20 years it has not changed one bit.

Chairman MCCLELLAN. Thank you.

Senator STENNIS. Do these figures come from the Office of Management and Budget or where? What we need is a set of figures that really have been authenticated.

Senator CRANSTON. The Comptroller's Office of the Pentagon is the source of that figure.

[The following information was subsequently submitted by Senator Cranston as material provided by the Office of the Assistant Secretary of Defense, Comptroller:]

BUDGETARY IMPACT OF DOLLAR DEVALUATION OF FEBRUARY 12, 1973

The dollar was devalued by 10% on February 12, 1973, the par value of the dollar being cut from 0.92106 SDR (Special Drawing Rights) to the dollar to 0.82895 SDR to the dollar.

As of February 13, 1973, some exchange markets remained closed and a number of countries were expected to "float" their currencies—this essentially allowing the new relationship with the dollar to be more or less than an 10% effective devaluation. Thus, a number of uncertainties remain.

It is certain, however, that DoD costs will increase. Assuming the 10% devaluation were to generally hold across the board with countries where DoD incurs a significant portion of its overseas costs, these costs would be about:

[In millions of dollars]

	Fiscal year—	
	1973	1974
Increased budgetary costs	80	200
Increased DOD expenditures entering balance of payments (includes above budgetary cost plus personal spending)	120	300

The latest FY 1973 estimate of DoD overseas spending would suggest that close to $2.0 billion of expenditures could be affected by the devaluation in FY 1974, assuming relatively stable overall DoD spending levels otherwise (further increases in Western Europe generally being compensated for by reductions in the Western Pacific Area). Increased budget costs by appropriation category would be about as follows:

[In millions of dollars]

	Fiscal year—	
	1973	1974
Military personnel	12	30
O. & M.	52	130
Procurement	4	10
Military construction	6	15
Family housing defense (O. & M.)	6	15
Total	80	200

The total FY 1973 balance of payments cost estimate for DoD, is approximately $4.9 billion of which approximately $2.1 billion is assumed to be personal spending (military, civilian and dependent) and $2.8 billion is official spending. The breakout of the estimate is as follows:

	Billions
Expenditure by U.S. military—civilian and dependent	$2.1
Local nationals	.7
Major equipment	.1
Construction (including infrastructure)	.2
Petroleum, oil, lubricants	.4
Materials and supplies	.3
Services	.9
Other payments	.2
Total	4.9

These rough estimates of increased budgetary costs—$80 million in FY 1973 and $200 million in FY 1974—do not consider increased personal spending costs by U.S. personnel stationed overseas, except as U.S. allowances might be increased. These increased costs "downtown" would also serve to raise DoD balance of payments costs, thereby probably making the total balance of payments impact to the DoD account $120 million in FY 1973 and about $300 million dollars in FY 1974.

If I may clarify just one point: The 90,000 I am recommending be pulled back from overseas would be part of the 156,100 reduction that the Armed Services Committee has proposed. They are not in addition to that.

I want to thank you for this opportunity. I am tremendously heartened by the reaction of the three of you, who are the key members of this committee. I hope that it signifies the sort of acceptance this general approach will have. I know that each of you has been an advocate of this general proposal; I just wanted to add some thoughts and figures of my own.

Thank you very much.

Chairman McCLELLAN. Thank you very much, Senator.

Our next witness is Senator Helms.

STATEMENT OF HON. JESSE A. HELMS, U.S. SENATOR FROM NORTH CAROLINA

PSYCHOLOGICAL EFFECT ON ALLIES OF TROOP CUTBACK

Senator HELMS. Thank you, Mr. Chairman.

As you know, I am just a little over 7 months away from being a layman and I don't profess to be an expert. I do have long-held convictions about this business of national defense.

I have just returned from London at which place I had an opportunity to talk to a good many people representing captive nations and other countries of Europe and other portions of the world, and a great concern that was expressed there, Senator, was the psychological effect of the effort in this country to cut back on the national defense at a time when we were in the most sensitive negotiations perhaps in history and when the spirit of détente is floating around.

I know in my own State there is an attempt among too many people to assume that everything is all right in terms of the Communist threat and I simply don't believe that. I think we want to make peace or negotiate any time we can—provided there is a two-way street. But I confess to a great apprehension that that street is not two ways. I hope I am wrong but that is the burden of my statement here which I respectfully request to be put in the record.

PREPARED STATEMENT

Chairman MCCLELLAN. The statement will be received and printed in the record in full.

Senator HELMS. Thank you.

[The statement follows:]

Mr. Chairman, in considering specific appropriations before this Subcommittee, it is my hope that the distinguished members will do so in the frame of reference of a realistic appraisal of recent developments.

In the spirit of the summit meetings between President Nixon and General Secretary Brezhnev, some people believe that the Cold War type of confrontation so typical of Stalin's time is gone forever. It is really tempting to trust that no Soviet leader now or in the future will ever attempt to use the military strength so painstakingly amassed in recent years or to exploit nuclear strategic superiority for political gains.

But the real signs of the Soviet leadership's intentions may be deduced rather easily from the momentum of their weapons programs. And in this respect, the period of Soviet history which really is significant begins in October, 1964, when General Secretary Brezhnev took over the reins of political authority. It is with Brezhnev's coming to power that Soviet military preparations really began in earnest.

SOVIET STRATEGIC MISSILE FORCE

When Brezhnev took over, the Soviet strategic missile force consisted of only 220 small ICBM's (SS–7's and SS–8's) as compared with about 800 Minuteman missiles at that time in the United States. This ratio has been dramatically changed during the Brezhnev decade into a Soviet advantage for the present of 1,550 ICBM's in the Soviet Union to only 1,000 ICBM's in the United States. This includes several new families of Soviet missiles, such as the SS–11, the SS–13, the huge SS–9, and the more recent SS–17 and SS–18. Defense Secretary James R. Schlesinger recently stated that he was surprised when he took his new office by the breadth of the Soviet weaponry program and by the premature state of development of their MIRV capacity.

MIRV CAPABILITY

The bargain of the SALT–1 agreement of May, 1972, consisted primarily in the fact that the United States relied heavily on our lead in MIRV capability to

balance off the numerical and size advantages of the Soviet missiles. The situation that permitted this bargain does not exist anymore, at least in nowhere near the same degree. As a matter of fact, when we consider that only a year's time has elapsed since the signing of the agreement and Secretary Schlesinger's announcement that the Soviet MIRV tests were advanced, it is difficult to believe that for all practical purposes, the bargain existed even at the time of the signing of SALT I.

It will take about a year or two before the Soviets will be able to deploy MIRVed missiles and two or three years more before they will have a massive capacity. But in view of the overwhelming throw-weight advantage of Soviet missiles, the Soviet missile capability can become a force about four times as large and power as the U.S. capability. These are the facts of life that Brezhnev's weapons programs place before us. We are no longer presented with an academic question involving sophisticated comparisons of strategic doctrinal solutions to hypothetical problems, but a plain problem of strategic survival. The developmental lead-times required urge us to start immediately with an adequate program of response—not just to provide with "bargaining chips" at the conference table, but to give us the counteraction capability to re-establish the strategic balance.

There are certain ratios of effective weapons superiority which were required by the Soviet high command for different types of weapons during World War II. By the end of the war, this minimal offensive requirement for offensive breakthrough operations was estimated to be about 4:1 for massive artillery superiority, and about 2½:1 for air superiority. It seems to be reasonable to assume that similar target superiorities are being calculated for strategic weapons systems. It is essential to prevent growth of such superiority ratios in the strategic situation.

The weapons development program has not been limited by the SALT I agreement, except with regard to the number of missiles deployed. The Soviet Union, therefore, continues a maximal effort in the research and development of new weapons systems.

R.D.T. & E.

It is, by the same token, vitally important to maintain the level of our own research, development, test and evaluation effort as requested in the range of $8.6 billion without significant cuts or reductions. The lead-time conditions for new weapons systems are such that an advanced research and development program is a complete necessity if we do not want to stay behind, and consequently fail in decisive weapons requirements should the need ever arise. A vigorous program of R and D is absolutely indispensable for the vitality and survivability of weapons systems and for the maintenance of our defense posture.

I particularly want to touch on four programs specifically that we must move forward on with dispatch.

The most important strategic program under development is the Trident submarine system. It will enhance our current strategic capability by providing an increased range of submarine action and by its low level of vulnerability. The introduction of Trident will optimize our current deterrent capacity and increase the survivability of our weapons systems. It is mandatory to maintain the entire request for $1.527 billion to proceed with the accelerated Trident program.

The F–14 and F–15 airplanes are considered by experts to be the best planes in the world today. The additional funding for their development and production has been requested at $703 million and $1.030 billion respectively. Both planes have been in R and D and testing since 1970 and 1972 and perform well technically. They will support our defense capabilities considerably when deployed in 1974 through 1978.

The B–1 bomber is the favorite target of those who want to reduce military spending at any cost. The request for $73.5 million for further development of this advanced strategic bomber in 1974 is not excessive and should be supported. This new plane will replace our aging B–52's as the strategic plane of the 1980's.

The strategic cruise missile has been developed and deployed by the Soviet Armed Forces several years ago with about 350 launchers available in 1973, while the U.S. has yet to develop a comparable system. The request—primarily for R and D for the cruise missile—should be fully granted. Similarly, I support the request for the SAM–D advanced surface-to-air missile weapon system at the level of $194.2 million. This is one of the top priority programs of the U.S. Army.

All of the above mentioned weapons system are important, as are many other conventional programs requested by the Army, Navy, and Air Force. Because

I have not singled out many others does not indicate that they lack merit. But the most essential and indispensable of all is the area of Research and Development of new systems and concepts. The cycle of new, revolutionary changes in weapons systems in the post World War II period lasted from six to ten years, with the gradual retirement age of weapons getting shorter with the passage of time. The vigorous program in R and D became a critical component of our defense establishment, and if our defense is to remain viable, it must continue to do so.

PRESSURE ON ALLIES TO ASSUME DEFENSE BURDEN

Senator HELMS. I say again it is a delight to see you back, Senator Stennis. We missed you.

Senator STENNIS. Thank you.

Chairman MCCLELLAN. Senator, when are we ever going to get our troops out of Europe, and when are we ever going to require our allies with their economic capability to take up some of this burden that we carried all these years? Our fiscal situation has weakened considerably by reason of the burden that we carry. When are we ever going to start saying to them, "Certainly, we are still willing to support our commitments, but now you have a much greater capability of defending yourselves than you once had and you must start assuming your share of that defense." I don't believe they will ever do so until we somehow require them to do it.

Senator HELMS. I think you are exactly right. I think that what we are talking about is timing and consistency. When I think back to how we got into this business of policing the world and so many actions which I consider to have been tragic in terms of our letting down some of our allies, I want to remind you of the story of the man who had just been sentenced to death. The judge asked him if he had anything to say, and he said, "No, sir, but I certainly have learned a lesson."

I think we have learned our lesson, and I think we ought to move progressively, as you say, toward requiring the rest of the free world to give help in terms of their doing what they ought to be doing. There is nonetheless throughout the world an apprehension. Whether we like it or not, whether it is right or not, I think the survival of the free world rests on our shoulders. My point is that at this exceedingly sensitive time we ought to move with great caution in terms of a meat-ax approach.

Chairman MCCLELLAN. Senator, one thought continues to recur to me. To a very great extent, we must supply the nuclear capability related to mutual defense. No other country can do this and no other country will. Although we entertain some hope that the pace of the arms race will be slowed down, that hope is not yet a fact. As a consequence, the United States must continue to carry the burden of a nuclear deterrent. This involves a large expenditure of funds and a substantial use of manpower and resources. Given these conditions, it is absolutely necessary that the brunt of the nonnuclear burden of defense be shifted to our allies. They have just got to assume it.

MUTUAL FORCE REDUCTIONS

Senator HELMS. I agree, and I go back to my original premise, especially with regard to mutual force reductions. The talks in this connection begin in Vienna in October. I think what we do should depend on what the Soviets do. We would not have this problem if we had

really good faith on both sides. I think people all over the world are tired of war; and yet the chicanery that the Soviets always practice puts liberty in peril. So you have this question of whether we should police the world, and I don't think we should. Yet what are you going to do about the liberty of mankind? The world is so small now that what we do here does not——

Chairman McCLELLAN. We cannot do it by ourselves. Our only hope is that we can induce them to do their part.

Senator HELMS. I agree. That goes back to the timing and the pressure and all the rest of it. I hope I do not pose as an expert when I am not an expert at all.

Chairman McCLELLAN. It is a very serious problem.

Senator Stennis.

SHIFT IN RESPONSIBILITY TO ALLIES NECESSARY

Senator STENNIS. Mr. Chairman, I do not have any questions at this point. However, I want to commend the Senator for taking an interest in this aspect of the defense problem and addressing it as he did in the first year of his Senate membership. I highly commend you for it. Senator. I think a great deal of what you have said is important. The meat-ax approach to defense reductions is not the correct method to employ, and I think that you are right.

I also want to express my appreciation to you, Senator, in taking a firm approach to the necessity for allied cooperation. It would be my idea that we would give them advance notice of what we plan to do, so as to give them a chance to take such steps as they deem necessary prior to our reduction implementation. But we would want to make a start on such a procedure instead of merely making an annual threat that is never implemented.

Chairman McCLELLAN. I don't believe in threats. We should develop a policy now. It has come to be a situation where this is what we must do. We cannot continue to maintain the free world by ourselves. There are responsibilities that the other free nations must assume. We should start here gradually, but give them warning that it is going to happen.

Senator HELMS. I agree fully.

Chairman McCLELLAN. Senator Young.

DANGER OF U.S. BECOMING A SECOND RATE POWER

Senator YOUNG. I just want to commend you for your statement. I share your concern about the United States remaining a powerful military force. I think we face the grave danger of becoming a second-rate power. Will our people be willing to make the sacrifices necessary to prevent us from becoming a second-rate power?

The Russians don't have the constant problem of meeting a stronger military force. It is becoming tougher in Congress to vote for welfare programs than it is for defense. I don't know how much longer we can continue this way. Will our people be willing to make the sacrifices necessary to keep us from becoming a second-rate power? Whatever that sacrifice is, we have to bear it.

Senator HELMS. I think the Senator is absolutely correct. This goes back to what I tried to say in the beginning, that so many Americans

refer to the siren song of peace in our time. I would welcome détente at this time if I could feel secure to any extent that it was a two-way street, good faith on both sides; but every bit of evidence available to me is that it is not a two-way street and that we are rapidly becoming a second-rate power. If we become second rate, then the liberty of man is imperiled.

I apologize for being presumptuous as a freshman Senator, but I had it on my conscience and it is a matter of primary interest to me. I appreciate the time that you have afforded me.

Chairman McClellan. Thank you, Senator.

We have this situation. There are those who say, "How long are we going to be willing to support this deterrent? "And there are those who cry out that this budget ought to be cut by $10 billion or $15 billion. If that latter idea prevails, we are going to be a second-rate power militarily very quickly. It will not be long away.

Senator Helms. Absolutely.

SELECTIVE REDUCTIONS

Chairman McClellan. It is a question of our trying to correct the situation with respect to our resources and the obligations that we have assumed. As Senator Stennis said, we must make some selective reductions, but to make them where it will do the least to weaken our own position and in those areas our allies can and could and will and must pick up the load and carry it.

Senator Helms. I thoroughly applaud that position and agree with it fully, provided we do not deliberately reduce ourselves to a second-rate power.

Chairman McClellan. Thank you very much.

Senator Stennis. May I say one word. I commend the Senator.

Senator, you used the term "second-rate power." When it comes to the capacity to defend ourselves, if necessary, I don't believe you can consider the United States as second rate. We have a capacity of many, many times over, in my opinion, what would be needed to defend ourselves should the day come that we had to.

Senator Helms. In terms of weaponry, the briefings that I have had indicate some alarm in this direction.

Now, combining Senator Young's comments and your own comments, I think that properly informed and fully informed, the American people would indeed respond. I think there is no question about their dedication, but I fear that there is not broad public awareness of the total picture; of course it is so complex as you gentlemen know sitting here trying to preside over this aspect of it.

PROPER MOTIVATION REQUIRED TO REMAIN FIRST RATE POWER

I agree with you, Senator Stennis, that if properly motivated the United States is not going to be a second rate power, at least with the blessings of an informed American public. It is just a matter of how much time we will have when the crisis comes. At the beginning of World War II, the lack of weaponry as of that time—there was a different situation but the people responded and we found out what

this country was made of in terms of moral fiber. But I just wonder, in this nuclear age, whether we will have that opportunity or not.

Thank you very much, gentlemen.

Chairman McCLELLAN. Thank you.

STATEMENT OF HON. THOMAS J. McINTYRE, U.S. SENATOR FROM NEW HAMPSHIRE

TRIDENT SUBMARINE PROGRAM

Chairman McCLELLAN. Senator McIntyre, we welcome you this morning. You have a prepared statement.

Senator McINTYRE. Yes, I have.

Chairman McCLELLAN. You may proceed.

Senator McINTYRE. Mr. Chairman and members of the subcommittee, I appreciate this opportunity to discuss with you this morning one of the most crucial issues which the Senate will address in its debate this year on our defense budget—the proposed acceleration of the Trident submarine program.

When the Armed Services Committee completed months of careful inquiry into this question, we found no disagreement among our members about the need to proceed with an active, dynamic development program for the Trident system. Nor did the committee disagree about funding DOD's request for R. & D. moneys for the Trident I missile. Nor did we disagree about whether we should continue to develop and build the lead Trident submarine. Nor did we disagree about building subsequent Trident submarines.

COMMITTEE DIVISION ON REQUEST FOR ACCELERATED DEVELOPMENT PROGRAM

And yet, the Armed Services Committee did divide. Indeed, we divided by the slimmest of majorities on the question of whether to fund DOD's requests for an accelerated Trident development program. Nearly half of the committee, seven of its 15 members, concluded that we should proceed in a more orderly way. This seven included four of the five members in the Research and Development Subcommittee—its ranking member, Senator Dominick; Senator Harry Byrd of Virginia who has served with me on the subcommittee since its formation 5 years ago; Senator Hughes of Iowa; and myself as subcommittee chairman.

My subcommittee conducted extensive hearings on Trident. Indeed, every fact, every figure, every piece of supporting data on which our recommendations were based came from DOD's most expert witnesses in their testimony and communications to our committee.

When we reported to the full committee we were joined by Senator Symington the acting chairman; Senator Cannon, chairman of the Tactical Air subcommittee; and Senator Saxbe.

These seven committee members, nearly half of the Armed Services Committee, preferred to return to a more orderly development of the Trident system, a program similar to that originally recommended by the administration in 1971 and carried into 1972.

TRIDENT I MISSILE MAIN GOAL OF ORIGINAL DOD PROPOSAL

This original DOD proposal was the product of years of planning, review and careful analysis. It had as its prime goal the early development of the Trident I missile, and so does our plan. We would therefore authorize nearly all the funds requested for fiscal year 1974 for the Trident I missile. The 1971 plan heavily emphasized the importance of backfitting this new missile in the Poseidon boats as a hedge against any unforeseen ASW breakthroughs. So does our recommendation. The 1971 proposal would have completed construction of the lead Trident I by the 1980's; ours would deliver it by 1980. The 1971 plan would have built subsequent ships at the rate of two per year; so would our plan.

However, the accelerated program would complete the lead boat by 1978 and produce three followon boats per year. This revised schedule means that construction of all 10 submarines would be begun in the next 4 years. Such acceleration, Mr. Chairman, is a disturbing departure from the prudence of the original Trident proposal for at least three reasons.

First, the acceleration of Trident would concentrate the enormous burden of the program on the taxpayer within the next few years. A return to a more orderly development would reduce the $1.5274 billion requested this year by $885.4 million and would reduce next year's cost by another billion dollars. Let me reemphasize that these reductions do not in any way jeopardize the Trident program. We would still be authorizing $642 million for fiscal year 1974, and the active development and construction of the first submarine would continue uninterrupted, to be completed by 1980.

REDUCTIONS ELIMINATE CHANCE OF WASTE AND ERROR

What we accomplish by making these reductions is to decrease greatly the chances of waste and error by avoiding excessive concurrency. Surely we have learned through sad experience that simultaneous R. & D. and construction is the surest way of inviting errors and adding costs to a weapons system. Acceleration, we have learned, is no guarantee of meeting a required operational date and no certain path to a reliable weapons system.

The language of the Armed Services Committee report itself provides the strongest case against concurrency. The report, and I quote from it—these are not minority views, this is a committee report—reads:

> The committee continues to oppose excessive concurrency in acquisition of weapons systems. Some overlapping of developing and production may reduce initial costs, but the long term costs of supporting, maintaining and ultimately fixing weapons systems that were prematurely introduced into the inventory before development and testing were adequately completed far exceed the initial saving. Of even more importance, premature introduction of new weapons systems has too often resulted in a lower state of readiness because of poor weapons system performance.

STRENGTHENED POSITION AT SALT TALKS

The Trident program, which I favor, would authorize $642 million for fiscal year 1974 and would include the largest amount for a

single weapons system in this year's R. & D. request. This is an imposing and dynamic Trident program and it—plus our continued development of B–I, the bomber, plus continued modernization and improvement of our Minutemen, plus our active retention of the option of MIRVing additional Minutemen, plus our R. & D. of mobile ICBM's, plus our R. & D. of site defense—these are new ways to protect the Minuteman, new radars, new concepts, and so forth—plus our continued MIRV conversion of our submarine fleet—will insure that our military position at SALT II will be a powerful incentive for the Soviets to come to a serious and secure agreement.

So a more orderly development of Trident enhances our prospects for a secure agreement at SALT II. And if we fail at SALT, it insures that we will have a reliable successor to Poseidon and that our sea-based deterrent will be secure the rest of this century.

In sum, a return to an orderly development of Trident will spread the cost of the most expensive, single weapons system yet proposed to Congress. It will reduce the dangers of waste and error through concurrency. It will give us a quick and secure counter to any Soviet ASW threat to our sea-based deterrent. And it will insure that we bargain from strength at SALT II.

NO MILITARY JUSTIFICATION FOR ACCELERATED PROGRAM

Second, the testimony before our committee demonstrated no military justification for the accelerated program. We looked very carefully into this but none of DOD's expert analysts could project a Soviet breakthrough in antisubmarine warfare technology that would degrade our present Polaris/Poseidon fleet through the 1970's or threaten our fleet once its Poseidon conversion were complete even into the early 1980's.

Indeed, if DOD's case for the acceleration rests on any projected threat, they logically should not have deemphasized and delayed the alternative of backfitting the Trident I missile into our Poseidon boats. This is a relatively inexpensive procedure, gentlemen, that could be accomplished rapidly and reliably. It would quickly increase the fleet's striking range to 4,000 miles and thereby quadruple the ocean area that any Soviet ASW effort would have to patrol.

In the long run the most reliable way for us to insure the invulnerability of our sea-based deterrent is to develop the Trident system in a deliberate way so that both we and our opponents will have a high degree of confidence in the system and so we will be sure to design a system which will, in fact, counter an ASW threat which cannot yet be described.

MILITARY POSITION AT SALT TALKS

Third, such increased reliability can only enhance our bargaining position at the next round of SALT negotiations. We will bargain from the strongest possible stance because we will confront the Soviets with the prospect of a carefully tested and reliable submarine-missile system, and at the same time retain greater flexibility to respond to future advances in Soviet ASW technology. If we avoid getting locked into the design and construction of all 10 boats at too early a date, we will thereby maximize our alternatives at SALT. The Navy admits that it will be necessary to take a good look at the Trident

design after a new SALT agreement is reached. Yet they would have us rush into an accelerated program and thus reduce the chance to take the second look.

Mr. Chairman, these are compelling reasons. My distinguished colleague, Senator Symington, in the absence of Senator Stennis who, thank God, just recently returned, will elaborate on these and others in his testimony to you tomorrow. Altogether, I feel we have a very powerful case for returning to a more orderly development of the Trident system and I will, therefore, introduce an amendment to the military procurement bill during the forthcoming floor debate which will incorporate these views.

I earnestly solicit your support.

Chairman McCLELLAN. Thank you, Senator.

That amendment that you propose will give the Senate an opportunity to pretty well settle the issue as to what this committee should do.

Senator McINTYRE. Yes.

Chairman McCLELLAN. If your amendment is successful, this committee would probably feel bound by that action to follow your suggestion. On the other hand, if the amendment is defeated, then there would be a strong persuasive argument to go the other way. If I understand the debate correctly, the big issue here is whether to speed up production, to get all 10 under construction as soon as possible, so that there would be no doubt as to whether the program would be carried out. Is that correct?

Senator McINTYRE. Yes. We go forward with No. 1. For instance, to give you a little idea on the money spent——

ANNUAL DISBURSEMENT OF LEADTIME MONEY

Chairman McCLELLAN. Let me see if I understand, Senator. What do you do to provide for leadtime money for next year and the next and so forth? What would your position be on that?

Senator McINTYRE. Let me try to answer the question two ways. Presently the DOD's thinking is 1–3–3–3 but they are not locked in. Our thinking is the same as it was back in 1971 when they came to us which is 1–2–2–2–2–1, something like that, on up to 10 moneywise.

Chairman McCLELLAN. They say 3 a year and you make it 2 a year.

Senator McINTYRE. There is that difference at the present stance. I want to be very fair on this, it is a complicated subject. Their present stance, although on questioning they are not locked in, is 1–3–3–3. Our position calls for a 1–2–2–2–2–1. So we would bring the first submarine in in 1980 and they would bring the Trident submarine in in 1978.

Now quickly let's take a look at the money differences in 3 years, and I am giving round numbers. Our proposal is for about $650 million this year. Their proposal calls for about $1,500 million this year. They would go to $2,500 million in fiscal year 1975 and would ask for another $2,500 million in fiscal year 1976. So they would be spending about $6.6 billion in the next 3 fiscal years. Our program, which has offered about $650 million, would go to $1,500 million next year and $1,500 million the following year. We have a request in at $3,600 million in round numbers.

Does that answer the question? What we are trying to do, Mr. Chairman, is slow down.

Chairman McClellan. I am trying to understand the issue, and I think I do. The issue is about 2 years difference in when the Trident will be available. For the 10 there is about 3 years difference. Am I right?

Senator McIntyre. That is right.

TIMESPAN FOR COMPLETION OF 10 TRIDENT SUBMARINES

Chairman McClellan. Now one other question in that connection. In stretching this out, as I understand, ultimately we are going to have the 10 Tridents anyway. I understand there is no objection to that. Everybody is agreed on it. It is a question of whether you will have the 10 submarines in say 10 years or in 12 or 13. Is that about right?

Senator McIntyre. We would have all those submarines, and subject to correction all 10 would be hopefully with the fleet in the mid to late 1980's. All 10 would be joining the fleet.

Chairman McClellan. What is the cost?

Senator McIntyre. What would this stretch out to as to cost?

Chairman McClellan. Final cost.

Senator McIntyre. It would undoubtedly increase it.

Chairman McClellan. Could you determine how much?

Senator McIntyre. No. We will leave that to the opposition. I suspect that there will be. This should normally follow an increase in any stretchout but remember there is a hazard in saying, "Let's get it done quickly."

DEVELOPMENT OF MODEL OR PILOT WEAPON

Chairman McClellan. There is another point that you made that impressed me. As the Senator knows, you and I have had some experience along this line of observation. My general philosophy is to first develop a model or pilot weapon prior to large-scale procurement, so that we know substantially what we want before we irrevocably commit large sums. Is there any great risk in going ahead with the entire program before the first submarine is completed?

Senator McIntyre. Oh, I think very grave risks in the thing. To give you a little idea of how rushed this program is, 10 submarines has been figured out and this is a statement I would make. Trident submarine No. 1 becomes operational, joins the fleet, initial operating capability. Before it does that, strung out behind it would be nine other submarines in various stages of production. That is how rushed this program is and it is being done because of the SALT talks. We have to have a ship and we are going too fast even in the SALT talks, Mr. Chairman.

IN-PRODUCTION CHANGES

It is a great American habit, we like to go fast, but there is grave risk. Senator Stennis and all of you know what happens is when they get No. 1 out there and they are working it they say, "We ought to have a widget."

Chairman McClellan. A what?

Senator McIntyre. A widget. They think of things all the time. You have two, three, and four in process. The order comes down,

"Change 2, change 3." We saw that in the Polaris program but there was a great rush in the Polaris program from necessity. We have asked DOD to show us why we need the submarine. What have the Russians got that has you so upset?

I want to get this point across to all of you. We go back to the original hedge, the Trident I missile, and we say, "Full steam ahead on this R. & D." Mr. Chairman, this missile very frankly will fit into our existing Poseidon submarine. You can take it when it is done—it has an increased range to 4,000 miles—put it in the existing submarine at a very low cost and now you have a submarine with a 4,000 mile range.

Chairman McClellan. But the advantage of the bigger one is that it can carry so many more missiles. In other words, you would have fewer ships exposed to destruction.

ADVANTAGES OF LARGER SUBMARINE

Senator McIntyre. That is a debate we could carry on. Secretary Laird when I asked him in hearings, "Why do we need the big submarines," said, "We can get big submarines but they have launches and we get them into the water quicker," and that seemed like a very good argument to me.

Chairman McClellan. Whether the advantage is worth the cost is what we have to weigh.

Senator McIntyre. Let me say, Mr. Chairman, in all fairness that while the first submarine will have 24 tubes it has not been decided definitely that No. 2, 3, and 4 will have 24 tubes; they may have 20, they may have 16, they may have 18, they have not really come down.

Chairman McClellan. If that is successful, I don't see why we would need to reduce the number of tubes, if what they want is larger numbers. But there may be some technical situation wherein it would be advisable to reduce the number.

Senator McIntyre. This is a massive submarine. I went up to Groton to see it in the mockup stage and it is really going to be a powerful weapon. It is [deleted] feet long, it will be with 24 tubes in it and it will displace somewhere between [deleted] tons in the water and that is a pretty good size. By World War I standards that is a pretty good sized cruiser.

Senator Stennis. May I interrupt?

I want to say in general that the Senate and the Nation owe to Senator McIntyre a real debt for the year-round work that he does. He performs a massive amount of labor as chairman of our Research and Development Subcommittee. He goes into all these matters, the large ones and the small ones, and brings forth very valuable facts and recommendations. He and I are not quite together on this item, but I wrote out a proxy on everything he has done this year.

I want to express my appreciation in a personal way for the way you have carried on.

REQUIREMENT FOR TRIDENT

Now the great blessing about all this is that we do agree that we must have this Trident even at an enormous cost that is almost unthinkable. The submarine will be longer than [deleted] feet.

Senator McINTYRE. [Deleted.]

Senator STENNIS. Yes. But it comes right down to the question of timing, and money, of course. It can be debated but it is a rather narrow set of facts that make the difference. I think that we could dispose of this matter rather easily and then move on.

Chairman McCLELLAN. What will happen on your amendment in the Senate?

Senator McINTYRE. That will be close. It is going to be close.

Chairman McCLELLAN. The decision will be very persuasive, either way it goes.

Senator STENNIS. He has brought us the facts on which a decision can be made.

Senator McINTYRE. It is a real tough issue but I think we have a very strong case and this is the one where we won the initial vote in the full committee and lost by one vote after a reconsideration. It was very close. I know Senator Goldwater is on the subcommittee and he gave it a lot of thought.

We have a great tendency, it seems to me, to want to go too fast. I've just come from the SALT negotiators and Senator Jackson. I don't know why we try to move so fast. We have locked ourselves in to have an agreement by 1974 on things that are going to worry you a little bit, but I really think they are going too fast on this one and I know the committee will get it.

Chairman McCLELLAN. Your vote in committee was tied, was it not?

Senator McINTYRE. Well, the first vote was 8 to 7 in favor of the subcommittee's position—the one I have outlined to you—but Senator Goldwater's proxy was cast by a staff member and he thought he had cast it the way Senator Goldwater wanted but he said it was incorrectly cast. The vote was reversed and came down 8 to 7 to retain the request of the DOD.

Chairman McCLELLAN. So it is about 50–50.

I am going to be interested in trying to resolve this. It is a problem. Can they show us any good reasons to support accelerating the program?

Senator McINTYRE. Yes.

Chairman McCLELLAN. I don't understand. If I understand it, your position of the minority of the subcommittee is based on what they originally proposed, right?

Senator McIntyre. Right.
Chairman McClellan. It was the original budget request.

BARGAINING POSITION AT SALT TALKS

Senator McIntyre. This plan which I told you about which involves the backfitting in case of an appearance of some sort of a threat in the late 1970's. The proceeding at a slower pace was the original plan that DOD presented, and it was their position well into 1972. I speak of it here as the 1971 plan because that is when it first surfaced. The whole thing, Mr. Chairman and Senator Young, was changed because of SALT. Really what the President and the administration want is an aggressive stand at SALT.

Chairman McClellan. We are trying to impress the Russians that we had better agree on something.

Senator McIntyre. Well, I think that is basically what they want. They want a hired hand. My argument with that is, look, just a minute. I am talking about a program that spent $700 million last year, $680 million this year, $1.5 billion next year. That is no pantywaist program. That is a pretty strong program, but they want it the way they always wanted.

Chairman McClellan. Senator Young.
Senator Young. No questions.
Chairman McClellan. Thank you very much.
Senator McIntyre. Thank you.

STATEMENT OF HON. BIRCH BAYH, U.S. SENATOR FROM INDIANA

PREPARED STATEMENT

Chairman McClellan. Let us proceed.
Senator Bayh; you have a prepared statement.
Senator Bayh. Mr. Chairman, why don't I just put the prepared statement in the record?
Chairman McClellan. It will be received and printed in the record in full, and you may highlight it if you will.
[The statement follows:]

Mr. Chairman, I very much appreciate the opportunity which you and the members of your Subcommittee are today giving to the other members of the Appropriations Committee and of the Senate to express our views on defense expenditures. A few weeks ago, the United States finally brought to an end its involvement in the Indochina war -- the longest and in many ways perhaps the most costly war in our history. This year, therefore, seems to me to be a particularly appropriate time for us to take a serious look at the level of resources we are devoting to national defense and whether these resources are being spent wisely. In spite of the fact that we have ended military operations in Indochina and in spite of the fact that we have taken a significant step with SALT I towards an arms accord with the Soviet Union, the level of defense expenditure continues to grow, this year by $5.6 billion. I do not believe that such continued growth is necessary for the maintenance of a fully adequate defense posture.

As Secretary Packard, one of the most respected experts in this field, noted in 1969: "The most certain way to waste resources is to spend hundreds of millions of dollars on a development and then conclude we will not need what we are developing." Likewise, as the distinguished Chairman of the Armed Services Committee, Senator Stennis noted in 1971: "If we can afford a permanent force structure of only one-fifth as many fighter aircraft or tanks as our potential adversaries -- because our systems are about five times more expensive than theirs -- then a future crisis may find us at a sharp numerical disadvantage." Although Chairman Stennis was speaking in terms of aircraft and tanks, we clearly face a similar situation with regard to expenditures on air defense. The warnings of responsible defense officials and members of Congress against excessive complexity and cost in any one weapon system were apparently not heeded in the decision to go ahead with the weapon system I will discuss today.

I have taken the time to examine with some care the programs and projects for which the Defense Department has requested funding for this fiscal year. Included within that request are several weapon programs about which I believe serious questions arise that need to be answered before we in the Congress approve their funding. One such weapon system which I would like to discuss in some detail with the Subcommittee

today is the Army's request for continued engineering development funds for its SAM-D air defense missile system. This weapon system could very well become the Army's version of the C-5A. Already its cost is 350% higher than estimated, but it is still seven years from production. Per unit it is more expensive than the F-14. Congress balked when the Main Battle Tank was to cost three times more than the M-60 tank it was to replace. SAM-D costs seven times more than the Improved HAWK now being deployed, according to current estimates.

In my view, the SAM-D program exhibits many of the characteristics identified with questionable weapon systems in the past. These include changing capability requirements, unrealistic threat assessments, persisting technical uncertainties, postponned testing, incomplete cost-effectiveness analyses, escalated costs for fewer units and inadequate justification for the quantities to be procurred. I would like to address each one of these problems in turn.

The SAM-D system was originally conceived for defense against tactical or intermediate range nuclear missiles. The interception of such weapons required the development of a new and very rapid type of radar to combine the previously separated tasks of surveillance, target-tracking, and missile guidance as well as a very fast missile. However, after much of the initial development work had been done, both the contractor and the Army apparently concluded that effective interception of such missiles was simply not within the current state of the art. They then had a weapon system in search of a mission, and that has now become one of defense against manned aircraft. Yet in spite of this drastic change in mission, none of the technical characteristics were altered. There is good reason to believe that some of the SAM-D's characteristics which would be necessary if it were to be used against tactical ballistic missiles may actually be disadvantageous when directed against manned aircraft. For example, the wingless missile is easy to outmaneuver. SAM-D can be exhausted by decoys, can be destroyed by radar-seeking or infrared missiles, or simply by attack from the side or the rear. Each fire section is, after all, a high value target. The question arises then, are we not putting too many eggs in one basket?

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Threat Assessments

The essential justification for any weapon system must lie in our best assessment of what military threats our forces will be faced with in the future -- in this case in the 1980's and 1990's. If we are to be able to make any rational judgment at all about how best to spend our defense dollar, it is crucial that we have the best possible estimates of our potential enemy's likely capabilities. Such assessments are the primary responsibility of the Defense Intelligence Agency, and it is my understanding that all the branches of our Armed Forces are expected to base their planning on the estimates that are provided by D.I.A. Yet inexplicably, the threat estimates on which the Army bases its case for the SAM-D are vastly different from those of D.I.A. Although the precise figures are classified, it is possible to speak in terms of rough comparisons.

The documentation supporting the threat which SAM-D will be required to counter is based on estimates made by the Army in 1970. When we compare these 1970 Army data with the D.I.A. estimates for the same period we find that as to aircraft models currently known to exist the Army's estimates are approximately 44% higher than those of D.I.A.. As to models of aircraft not now known to exist but postulated for future development (Advanced Tactical Aircraft) the Army's estimates exceed those of D.I.A. by about 270%. In addition, the Army assumed that these future models would have two to six times more damage capability than do presently known models.

Furthermore, the Army assumes that strategic aircraft would be used for attacks against the 7th Army in Central Europe and estimates that the number of such aircraft available to the Soviets for this purpose to be 340% greater than the number postulated by D.I.A. I am, of course, no expert in strategic theory, but I would question whether either the Soviets or the United States would commit their strategic bomber forces for this purpose, particularly since we know that the Soviets have a very limited number of such strategic aircraft.

Moreover, if one looks at the most recent D.I.A. threat estimates (as of 1972) one continues to find essentially the same discrepancy. For example, the number of Advance Tactical Aircraft now postulated by D.I.A.

continues to show a difference of over 250%. The major difference between the 1970 and 1972 D.I.A. estimates involves the assumed number of reconnaissance aircraft, as well as the time period for which present models will be retained. Thus, although the Army's and D.I.A. estimates as to current aircraft are basically similar, there remains the very substantial discrepancy as to future models.

Finally, and perhaps most importantly, the Army in its justification studies assumed that Army Air Defense would have to do the job all by itself by ignoring the contribution of United States Air Forces attacks on their airfields and allied air forces and air defense systems. If this is true, we in the Senate should perhaps reconsider authorizing the funds for maintaining the tactical air forces, as well as purchasing new aircraft such as the F-111 and the F-15.

Technical Uncertainties

Although under the Department of Defense's own regulations major new weapon systems are not to be moved into engineering development until technical uncertainties are resolved by adequate testing, these requirements have been waived as to two crucial aspects of SAM-D. Most importantly the target-via-missile (TVM) guidance system which has no technical or operational precedent was never flight tested. This in spite of the fact that such a TVM guidance system had twice been rejected by the Navy, once with its Typhon system and later with its Aegis system, as being too risky and not necessary for an anti-aircraft weapon. The Army says that computer simulation testing has insured that the guidance system would operate properly. But by the time that the guidance system's capability is actually demonstrated, and there are those who doubt that it ever will be, we will have spent some $793 million on the program. Secondly, the critical warhead-fusing device which is again without technical precedent will not, under present plans, be flight tested for several years. In addition, there are other technical uncertainties which normally should be resolved before proceeding to engineering development which have not been adequately dealt with. Studies are apparently underway, for example, to determine how to provide SAM-D with a 360 degree radar coverage instead of the substantially more limited coverage

of which the present phased-array radar is capable. Furthermore the phased-array radar has never been deployed for field use.

Higher Costs-Fewer Units

The most recent cost estimates of the total SAM-D system as of the end of 1972 are $4.377 billion. This compares with initial cost estimates made in 1967 of $4.031 billion. However, although the currently estimated total cost has thus increased by only about 9% since 1967, the planned procurement of SAM-D tactical fire sections has decreased 68% and the total number of missiles to be purchased has decreased 52%. Thus, the unit costs of one tactical fire section is now about three and one-half times the initial estimates, a level of cost escalation which we unfortunately are all too familiar with in other questionable weapon systems.

SAM-D and U.S. Force Levels

One technique which the military has used many times in the past in convincing Congress of the cost-effectiveness of a particular weapon system is to maximize the number of such weapons needed to protect U.S. forces in order to reduce the unit costs. In justifying the number of SAM-D units to be procured, the Army made the following assumptions, all of which appear to me to be highly questionable:

(1) That the United States will have more than three times the number of active divisions in Europe, as compared with the present level of four divisions, a number which itself seems likely to be reduced before the SAM-D becomes operational in the early 1980's.

(2) A world-wide force level of 21 and 1/3 active divisions, as compared with a present authorized strength of 11 and 2/3 active divisions.

(3) That the United States will be required to provide SAM-D defense not only for the 7th Army in Europe and related installations, but also for other logistic and port facilities. In other words, that our NATO allies will not be able to provide any such defense themselves.

(4) That a substantial number of SAM-D units will be moving at any one time and therefore be inoperative.

(5) That non-European U.S. forces throughout the rest of the world would be faced with the same threat in quantity and quality and therefore require the same level of SAM-D defenses. No justification is given for the

extrapolation of the European threat levels to the rest of the world. Although, I am no expert, it is difficult for me to imagine that the North Koreans or the Chinese for example will possess the same degree of technical sophistication as do the Soviets.

The Improved HAWK -- An Alternative to the SAM-D

In 1972 the Army began deployment of a new air defense system for the field army which provided substantially improved effectiveness over the older Nike Hercules and basic HAWK. Although this system, called the Improved HAWK, represented a modification of the earlier HAWK, it is in reality a significantly different and more sophisticated weapon. The Army itself acknowledged that "either the Improved HAWK or the SAM-D weapon system is capable of providing an adequate defense" but went on to conclude it would be more expensive to procure enough Improved HAWKs to meet its postulated threat than to develop SAM-D. The problem is that there is substantial reason to believe that the Army used quite different criteria in comparing the cost effectiveness of the two systems. For example, the operating costs of the Improved HAWK were expensed over aperiod of 23 years, while those of the SAM-D for 15 years. More importantly, the Improved HAWK is already in production and deployment has begun. Thus the technical and cost risks associated with any new weapon system have now been minimized. The SAM-D system has, however, just entered engineering development, and as I have previously pointed out, certain critical capabilities of the system have yet to be demonstrated. If the Army had used identical criteria in simulation and costing for the two air defense systems, their conclusion might well have been that Improved HAWK was more cost effective than the SAM-D. Accordingly, the General Accounting Office in their study concluded that a new, updated cost-effectiveness study may well be warranted in view of the "changes made to the SAM-D performance characteristics, quantities, and additional changes contemplated, as well as the product improvement program on the Improved HAWKS." The significant cost increase that has taken place since the 1970 study by itself may justify a new cost-effectiveness study.

The Army's primary justification for the technical superiority of SAM-D lies in its planned ability to fire at many targets at the same time. Since many ballistic or tactical missiles can be fired at the same time,

simutaneous engagement of many incoming warheads is crucial if that is the threat you are attempting to counter. Aircraft attacks, on the other hand, are generally flown in waves with several minutes between flights, for a total attack duration of 15 to 30 minutes. Against attacking aircraft, therefore, sustained firepower is normally more important than instantaneous firepower In this respect the Improved HAWK has a substantial advantage due to its much shorter reloading time. For example, during a 30 minute attack period, the Improved HAWK with its substantially more rapid reloading capability could fire many more missiles, particularly when deployed in the TRIAD configuration, whereas SAM-D would be limited to the missiles initially on its launchers.

Conclusion

In conclusion, Mr. Chairman, the SAM-D is an extremely complex and extremely costly system which demonstrates many of the problems we have seen arise with other weapon systems in the past. Its cost growth has already exceeded in percentage terms what we experienced with the C5-A. It is seven times more expensive than the system that it is designed to replace. The cost per unit is so high that it will become a high value target to the enemy and the level of resources that the enemy will have to expend to defeat SAM-D may well be less than the level of resources we are devoting to its production. Within any reasonable budget projection we will not be able to purchase enough SAM-D's to provide total protection for our forces.

I would seriously question whether devoting a large percentage of the funds available to the Army for research and development of SAM-D is wise in view of the repeatedly stated urgent need for modernization of the basic Army. Weapons such as forward air defense, tanks, anti-tank weapons, guns, and support vehicles, form the backbone of any modern Army. Congress has clearly decided that funds available for defense expenditures are not unlimited. Therefore, it is essential to make careful decisions about how these limited funds are allocated among the Army's needs.

Perhaps most importantly, the question arises of the wisdom of spending $1.1 billion in research and development alone on a weapon system whose justification is based on the Soviet threat to our forces in Europe. As the Subcommittee is aware there is a substantial likelihood

that the level of these forces will be reduced (and certainly not increased as the Army has assumed) through discussions currently going on between the NATO countries and those of the Warsaw Pact. Continuation of full scale engineering development of SAM-D would not appear to be warranted since we do not know what, if any, U.S. forces will remain in Europe by the 1980's.

Experience has shown us that the United States has generally been unable to sell systems as expensive and complex as SAM-D either to our allies or to neutral countries. Given the current difficiency in our balance of payments, shouldn't we rather develop systems which can be more readily sold to these countries?

Finally, for almost 25 years the United States has borne the major burden of defending our European allies. Such expenditures were essential in the earlier post World War II period. It is now time, however, for these nations to assume an increasing share of this burden. Since as I have indicated the SAM-D is justified by the Army itself as being necessary for the purposes of European defense, wouldn't it be reasonable to expect those nations to pay for or at least share a major portion of the costs of SAM-D's development? As Senator Stennis indicated in the floor debates on the Defense Authorization bill last year this "system is extremely costly, and I believe that a more simple system can be available. Also, this is a weapon primarily welcomed by NATO to be used by the Army in Europe, although it can be used in the United States against attack from aircraft." (Cong. Rec., July 21, 1972, p. S. 12280) If our NATO allies are not now willing to participate in its development costs, than I can see no reason why we should bear this burden alone. If the Europeans believe in the end that they cannot afford a system as costly and complex as SAM-D, I would raise the question whether, with so many demands on our limited resources, can we?

REQUIREMENT FOR STRONG DEFENSIVE CAPABILITY

Senator BAYH. I feel very strongly about the need for strong defensive capability. I supported our Presidential nominee last year, but one of the areas where I differed with him was that I thought he wanted to cut too much and get into the muscle. It seems to me the only way we can rationalize the amount of money that we are spending in defense with the pressures that are on us to meet the problems of the people-oriented programs, is to make darn sure that every system is a good one, that we get the maximum return on investment, and I don't think the SAM–D system that I outlined in my testimony meets this test. Let me just informally touch on three general areas. One is the cost; two, technical uncertainties; and three, the mission.

SAM-D SYSTEM PROGRAM

Now, perhaps I should start with the mission. The SAM–D was originally initiated as an ABM missile; and because of certain decisions, part of which was I am sure based on the SALT talks, SAM–D as a missile destroyer was abandoned, and the Army then had an investment in a system without a mission. So you had a system going in search of a mission, instead of a mission searching for a system.

The Army by their own definition points out we do not have a manned aircraft threat to this country, and so the whole purpose for SAM–D is to provide protection against manned aircraft for troops stationed in the field, particularly in Europe. It is interesting to me that if this is the mission, the Europeans themselves refuse to pay any of the cost or to explore the feasibility of the weapon on two basic premises: One is it is too expensive for them, and it is too unreliable, and uncertain.

Inasmuch as we ought to be finding ways to move troops out of Europe instead of move troops into Europe, to initiate a system which is based specifically on defending troops in Europe without European participation is folly.

Chairman MCCLELLAN. As I understand you, this proposed weapon is primarily for NATO?

Senator BAYH. That is right, for NATO, or Southeast Asia, or wherever we might have troops stationed, but right now the mission is Europe.

Chairman MCCLELLAN. That is the prime motivating cause for it being in the budget.

Senator BAYH. That is right.

TOTAL COST OF SAM–D PROGRAM

Chairman MCCLELLAN. What is the total cost of it?

Senator BAYH. Well, ultimately it is going to cost $4.5 billion.

Chairman MCCLELLAN. And your position is that we ought not to provide this for NATO, that they ought to provide it, that they ought to participate in its procurement.

Senator BAYH. That is just one part of my argument. That would make it easier for me to buy, but having gotten that part of my testimony out of the way, I would like to discuss the mission which I think is a foolish mission for us to be involved in. I would like to talk about

the cost and uncertainty which led me to believe that even that mission, defending troops in Europe, can be performed more reliably and less expensively by the Improved Hawk which is already developed. So if I can move to the cost, let me just touch on six items here that I have excerpted from my testimony.

COST OVERRUN OF SAM–D SYSTEM

We already have a cost overrun for this missile system that is beyond what the cost overrun was for C–5A.

Chairman McClellan. The SAM–D?

Senator Bayh. Yes, and it is 7 years away from production. Now to be totally honest about it, the budget estimate is the same, and the Army will say that we have not had any cost overruns because we are still projecting the same costs, but what they don't point out is that they are only asking for one-half the number of units. They have cut the projected production in the needed units down one-half and the cost is the same, and it is about 350 percent more.

They cut it to less than one-half. So we have about a 350-percent cost overrun and we are still 7 years away from production.

If we relate this to the weapon system which is now available and is being made operational and has all the wrinkles out of it, the Improved Hawk, the SAM–D is seven times more expensive than the Improved Hawk. The Army in their own assessment say that either the Improved Hawk or the SAM–D can do the job. They would prefer SAM–D as the newer thing, but they say that the Improved Hawk can do the job, and it cost [deleted] per battery, where the SAM–D costs [deleted] per battery.

Chairman McClellan. [Deleted.]

Senator Bayh. Yes.

Chairman McClellan. And the other cost what?

ESTIMATED TOTAL PRODUCTION COST

Senator Bayh. [Deleted.] The total production cost is now estimated at $4.5 billion total cost, but you know if we continue to have the cost overrun as we get into the experimentation stage and the trial and error of the testing stage I cannot honestly project what the total cost will be.

IMPROVED HAWK MISSILE SYSTEM

Chairman McClellan. What is the Improved Hawk going to cost?

Senator Bayh. Mr. Chairman, I don't know. I should have that. I may have that in my statement. I do not have it in the excerpts from it, I am just comparing the cost.

Chairman McClellan. Why does it cost less to produce than the SAM–D?

Senator Bayh. The Improved Hawk has already been improved. I mean we have already gone through the trial and error and it is in production, and it is in the process of being implemented. That is already budgeted in your budget elsewhere; I will dig that out for you.

Now there is one thing that I cannot understand, and I am using the Army's own estimates that show the maintenance. We talk about

the continual annual expense. The maintenance cost over a 10-year period will be $2.2 billion more for the SAM–D than for the Improved Hawk air defense system. Mr. Chairman, that is just the top of the iceberg because in getting this estimate of maintenance cost which the Army admits will be more expensive by $2.2 billion over 10 years for their new system than for the Improved Hawk, the Army assumes that maintenance time can be reduced to 0.01 hour of maintenance per hour of operation.

I think it is fair to point out that the best we have been able to do so far for a similar system is 4 to 5 hours of maintenance for each hour of operation, and yet in projecting the maintenance cost of this system they think they can get it down to one one-hundredths of a percent, one one-hundredth of an hour. How they get that I don't know, but it seems to me to be totally unrealistic.

One of the problems, as you know better than I, as we get involved in the system that looks good, we don't anticipate what the costs are. The maintenance costs are as important to consider as the production costs.

One thing I ought to touch on is the relative cost of jamming the SAM–D to the cost of its production. The Army estimates that I have seen indicate that it would cost the United States beween 19 and 25 times as much, depending upon what figures we use. It cost us 19 to 25 times as much to counter the projected enemy threat as it would cost the enemy to counter and jam SAM–D. Usually if you build a weapon system you try to get the costs on your side of the operation, and not build a system which can be jammed or made ineffective by the enemy more cheaply than you can build the system.

COMPARATIVE JAMMING COST OF BOTH MISSILE SYSTEMS

Chairman McClellan. How about comparative costs of jamming for the Improved Hawk and the SAM–D?

Senator Bayh. I do not have that, sir. I would suppose the cost of jamming would be just about the same. We better check that out, and I will check that out.

TECHNICAL UNCERTAINTIES IN SYSTEMS

I think that is about enough on the cost. Let me just deal very quickly with the technical uncertainties because I think this is a fundamental part of this thing. Because the original SAM–D was conceived as a tactical ABM it has different characteristics than would be the case if you were originally putting together a system to shoot down manned aircraft, which is what this is all about.

Let me just touch on three of them. The ABM uses a very high speed missile which is necessary to get out there quickly because the missile is coming in at 13,000 miles an hour. Thus the SAM–D uses a missile that has no wings, thus its maneuverability is minimal and low flying aircraft having great maneuverability can avoid it just as a lot of our aircraft going in over North Vietnam were able to avoid what they call SAM–2's over there by quickly maneuvering. This trajectory of this ABM missile is set and has only a small margin of change.

RADAR TYPES FOR ABM SYSTEMS

Equally important, I think, is to recognize that the kind of radar that is used, the phased array radar, is a very powerful radar which is necessary for ABM's. It is not necessary to have this powerful a radar for aircraft. Because of the power it generates a tremendous amount of energy and the radar beams it uses make it more vulnerable to antiradar missiles which home in on the radar beam.

Now the Army says you can turn it off and on and off and on, which is true, but in the process of turning it off and on you still generate a tremendous amount of heat so that instead of using radar-seeking missiles they will use heat-seeking missiles, and thus it is easier to destroy this. Once you destroy the radar the whole business is gone.

RELOADING TIME OF MISSILES

The last thing on technical uncertainties to look at is reloading time. The SAM–D has a capacity to shoot more missiles in a short period of time than the improved Hawk. So if you are being inundated by missile attack the SAM–D is better. The reloading time of the Hawk is much quicker than the SAM–D, so if you are anticipating several waves of manned aircraft over an hour's period of time the improved Hawk can fire several more missiles over a period of time than the SAM–D, which it seems to me is characteristic of a system that is designed to shoot down missiles. That is a good characteristic, but if you are talking about aircraft coming in at several intervals you want to be able to shoot, reload, shoot, reload, and this can be accomplished much more rapidly with the improved Hawk than the SAM–D.

MISSILE SYSTEM COSTS

Now one last thought and that is this. If we are looking at cost, the Army in projecting the costs of the Hawk and the SAM–D in my judgment woefully underestimates what the costs of the SAM–D are going to be despite the fact that we had a 350-percent cost overrun for this reason. They figure out the costs of the improved Hawk at 10 years, and they figure out the cost of the SAM–D at 23 years, so they are not applying the same test, they are using apples and oranges in order to depreciate the value of the system. But more importantly they do not take into consideration the fact that the Hawk has already been engineered, it has already been tried and tested, it is already in the process of being put in place, whereas the SAM–D is still on the drawing board. They are still going through the experimentation stage to have them tested at one time.

So it is only wise, it seems to me, to suggest that if a system has not been tested you are going to have a lot of monkey wrenches in that system, a lot of wrinkles that have already been ironed out on the Hawk, but as they are ironed out the cost is going to go up and up and up.

I rest my case. It is not that we don't need a system to perform this function, Mr. Chairman, but that we have a system that can do it almost as well much more cheaply and that is ready to go now.

MISSILE SUPERIORITY

Chairman McCLELLAN. Senator Young.

Senator YOUNG. I certainly agree with you, Senator, that, if NATO countries were provided with the new SAM missiles, they should pay a large share of the cost, probably all of it. I am concerned about Soviet missiles. They have been tremendously effective. This is one area where they may be even superior to us. In your testimony you say the Department wants to study it further, but I am concerned about our superiority in this one area.

Senator BAYH. I am too.

Chairman McCLELLAN. The burden is now on the military to establish the fact that the advantages of the SAM–D are worth what they would cost.

Senator BAYH. See, if we didn't have an improved Hawk which is supposed to be a counterthreat to the SA3 and SA5, I would be more concerned about it. I think we need a vehicle to shoot down manned aircraft even in Europe or where we should be engaged, God forbid, somewhere else.

ABANDONMENT OF SYSTEM BY NAVY AND EUROPEAN COUNTRIES

I think, Mr. Chairman, maybe I ought to talk to some of these Navy people because they looked at this system and they abandoned it, they just said it was not worth it. You have the maintenance cost and the sophisticated weapon, and they abandoned it and went another route. I may check that out with your permission.

Chairman McCLELLAN. On the basis of your statement, I believe that it is incumbent on the Department of Defense to ascertain the differences in performance as well as the differences in cost of these two systems so that we could make a determination based on facts supplied by their experts.

Senator BAYH. I think one of the reasons, Mr. Chairman, that the Navy may have abandoned this and the Europeans have abandoned it is that we have got a system on the drawing board here that was about to eat us up costwise that is going to require a Ph. D. with a technician stripe sitting on the battlefield to operate it. That is an oversimplification.

Chairman McCLELLAN. You go ahead with your further inquiry. Ask the staff to make a very careful survey of the situation, too.

STYX MISSILE SYSTEM

Senator YOUNG. What concerns me is that the Russians are able to come up with a very simple weapon which will accomplish the same results as our more expensive and more sophisticated weapon. Their Styx missile is a good example, a very effective one and very simple. I think it is better than anything that we have. It has about a [deleted] mile range.

Senator BAYH. I think maybe we have a psychology that unless it should cost a lot of money it is not worth doing, but oftentimes the cost we build in makes it more difficult to operate so that when you fire it it may not go off. I don't know. I appreciate your courtesy in listening to my presentation, and I want to work with you on that.

Thank you very much, Mr. Chairman.

STATEMENT OF HON. LLOYD M. BENTSEN, JR., U.S. SENATOR FROM TEXAS

PREPARED STATEMENT

Chairman McCLELLAN. Senator Bentsen is next. Do you have a prepared statement?

Senator BENTSEN. Yes, I do, Mr. Chairman.

Chairman McCLELLAN. Do you wish to submit it for the record and highlight it?

Senator BENTSEN. Yes, I will highlight it for you.

Chairman McCLELLAN. All right. Let the statement be received and printed in full in the record.

[The statement follows:]

Mr. Chairman, I am pleased to have this opportunity to appear before the Senate Appropriations Committee to discuss the defense budget with you. As a former member of the Armed Services Committee, I know what a difficult task you face in attempting to appropriate adequate funds to provide for National security while at the same time keeping a lid on Federal expenditures so as not to wrech our National economy.

This is a delicate balance to strike and I feel that these hearings are a definite sign that defense expenditures are being carefully scrutinized and that no Federal agency, including the Department of Defense, has carte blanche access to the Federal Treasury as some have suggested.

Today, however, I am here to speak to you about a specific program that concerns me and many Texans, which is Project Sanguine. Project Sanguine is a Navy Communications program which is contained in the Research and Development portion of the Defense budget. The Navy is requesting 16.7 million dollars this year to continue the validation phase of Project Sanguine which was approved by the Secretary of Defense in January 1973.

My concern here arises from the fact that the State of Texas has been mentioned as a prime site for the location of Project Sanguine. News of the possible location of this project in the Hill Country of Central Texas has caused an unprecedented public furor and has raised serious questions concerning the location of the project in Central Texas.

The opposition to Project Sanguine in my State stems from three principal sources.

First, there is considerable controversy over the possible effects Project Sanguine might have on the environment and economy

of the Texas Hill Country. As you may know, this Project would involve a buried grid of radio antennas over a 1,500 square mile area of the Llano uplift in Central Texas. [Refer to map] Transmitters would be buried at a depth of [deleted] feet along the grid and the cable for the antenna would be buried at a depth of [deleted] feet. This grid, grounded upon the dry non-conductive rock of the Llano uplift, would then form an electromagnetic field for the purpose of transmitting extremely low frequency (ELF) radio signals. Texas citizens are rightly concerned about what effects such a mammoth system might have on the local environment and what effects any such system would have on the use of this land for ranching and development purposes.

On a second point, the consideration of a Texas site was prompted by a decision in January of 1973 by Secretary of Defense Laird that the project should be located at a site elsewhere than the present test site in northern Wisconsin. Quite frankly, considering the opposition I have heard from many Texas residents to the program, I am not surprised that Secretary Laird preferred to have it somewhere else than in his own home area of Wisconsin. My point is that the same characteristics that made Sanguine extremely unpopular in Wisconsin have also stirred the citizens of Texas as well. If Wisconsin is the preferred site for the program, as Navy tests have clearly indicated, then Wisconsin should be the site chosen -- not Texas as a second choice on political grounds.

Finally, I would say a word about the region in my State being considered for this project. The Texas Hill Country was settled early in the history of our State and has been held with special regard and tenacity by those who claimed this land from nature and who have passed it from generation to generation for over a century. Land is more than just a means of income here, it is a bedrock and

a heritage which the owner cherishes and which one who has not shared a similar experience often fails to comprehend. The Texas Hill Country has been the site of some of Texas' most historic moments and the home of some of her most distinguished sons. It has a unique topography which has attracted thousands of tourists to its lakes and scenic routes.

Many of you recall the fondness which President Johnson had for this area of Texas and his ranch, by the way, is near the proposed site. I would only suggest to this Committee that many serious questions must be answered and a great many doubts allayed before a spade of Hill Country dirt will be turned on this Project. I and the citizens of this region do not intend to see it marred and perhaps irrepairably damaged by an unproven, high risk program which may very well go the way of so many other such schemes that have emanated from the Department of Defense in the past.

I would hope that this Committee, in its report language, would restrict the Navy from any new developments at the Central Texas site until all the many serious questions concerning this program have been fully answered. In addition, I would hope that this Committee will seek independent research and analysis concerning the possible effects of this Project before approving its construction.

As with too many such programs, it appears that much of the data available from the Department of the Navy is aimed at selling the Congress rather than objectively informing us.

Mr. Chairman, I appreciate this opportunity to discuss this matter with you. I know that Project Sanguine is a small portion of the total budget you must consider this year but it is the single most controversial item to the people of Texas that has been before you in many years. Any assistance you might offer would be greatly appreciated.

PROJECT SANGUINE

Chairman McCLELLAN. All right, Senator, you may proceed. Do you have copies of it that we may follow?

Senator BENTSEN. No. I am sorry.

Chairman McCLELLAN. Proceed.

Senator BENTSEN. I apologize for that.

Mr. Chairman, I appreciate the time before your subcommittee. I know the tough job that you gentlemen have in trying to get the most out of the taxpayer's dollar, and walk this tightrope to have a strong enough defense to keep us out of war, and not so much as to wreck our economy. I know the good job you have done and your deep concern for achieving the proper balance.

The one project I want to visit with you about for just a few minutes is the project called Sanguine. This is a project, of course, that calls for a low-frequency radio transmission to submarines to be able to communicate with them under the surface of the sea to get to our missile firing submarines. I can understand why there is a need for the improvement of the transmission of the signal to this submerged submarine. My deep concern is that they are talking about putting this in what they call the hill country of Texas in the Llano uplift rock structure.

Now, this calls for a grid system, an electrogmagetic field of some 1,500 square miles. We have never had anything like that before. That is this part of Texas. [Indicating on map.]

ENVIRONMENTAL AND ECONOMIC DAMAGE TO AREA AS REQUEST OF PROJECT

Now, I am concerned about it for three reasons. One, because the people of my State and that area are deeply concerned about it because they are upset and think that there will be environmental damage to their area, and economic damage to their area.

The talk is about transmitters that are buried [deleted] under the surface of the ground, and then the cables will be [deleted] under the surface of the ground. The questions arise about what does it do to radio reception, and what does it do about electrifying fences. There are some deep concerns that have not been resolved, the digging of these channels across these ranches to bury this antenna system. It is a matter of concern.

I am concerned about it for a second reason. Mel Laird, when he was Secretary of Defense, decided in the closing days of his time as Secretary of Defense that this should not go to Wisconsin, though Wisconsin was considered the No. 1 place that it should go.

Chairman McCLELLAN. Why did he conclude that?

Senator BENTSEN. Because of the opposition, I think, of the people of Wisconsin in a strong reaction against it. They felt that it was damaging to the area environmentally, and economically there. I can understand why the Secretary of Defense would say, "All right, we are not going to take it; let's look at Texas." So now they talk about Texas as being the prime place for it to go.

ALTERNATE LOCATION FOR PROJECT SANGUINE

Chairman McCLELLAN. Does it have to be placed somewhere on land in the United States?

Senator BENTSEN. That is correct, it does.

Chairman McCLELLAN. We don't have any islands that could be utilized?

Senator BENTSEN. Apparently not.

I think that what we really need is some studies that prove that this is environmentally sound, that it does no damage to the ecology, and in that area we have got those ranchers in that area, and one of their big sources of revenue is off deer hunters. They get as much off deer hunters as they get off their sheep, and they are concerned about having security patrols, about cutting these corridors through their ranches and taking down the timber for those areas.

Chairman McCLELLAN. Is that timberland?

Senator BENTSEN. It is not any serious commercial timber, but this is the cover for their deer and all that sort of thing.

Senator YOUNG. Is it lowland?

Senator BENTSEN. No, it is rolling land. It is near the land you have also heard about that President Johnson had, the Pedernales Ranch.

Senator YOUNG. It involves a certain type of rock.

Senator BENTSEN. Rock for conduction. This is not the only place it could go, but at the present time they are talking about this being the prime prospect after the Secretary of Defense decided he didn't want it in Wisconsin, he said, "Let's put it down in Texas."

So what I would like to see before money is spent that would in any way point it to Texas is that they prove that it is environmentally sound, and that they explore other areas where it could go.

Chairman McCLELLAN. Off the record.

[Discussion off the record.]

Chairman McCLELLAN. Thank you, Senator. Do you have anything further on the bill?

Senator BENTSEN. No. Thank you very much. I appreciate the time.

STATEMENT OF HON. CLIFFORD P. HANSEN, U.S. SENATOR FROM WYOMING

PREPARED STATEMENT

Chairman McCLELLAN. Senator Hansen. We welcome you this morning. You have a prepared statement, Senator Hansen?

Senator HANSEN. I do have.

Chairman McCLELLAN. All right.

Senator HANSEN. Mr. Chairman, with your permission, if I may, I will just leave this copy with you and hope that it might be included in the record.

Chairman McCLELLAN. It will be inserted in the record in full at this point, and you may highlight it, Senator.

[The statement follows:]

Mr. Chairman and Members of the Committee:

It is a privilege for me to express views in the crucial areas of our government over which your Committee has jurisdiction. The Chairman's kind invitation for me to testify is appreciated, and while I do not claim expertise in technical defense matters, I have strong feelings about the defense posture of our nation and believe they reflect the ideas of the vast majority of Wyomingites and citizens throughout most and possibly all of the 50 states.

Simply stated, I believe that the United States must be second to no nation or coalition of nations in defense capability. I believe that the United States must be so well-prepared as to be able to maintain our sovereignty and independence in any conflict, and I believe that maintenance of the necessary strength to achieve that is the surest deterrent to war and the most certain means of preserving peace.

Therefore, it has concerned me that with the move toward termination of U.S. military involvement in Southeast Asia, we may be tempted to lower our guard. All of us are sick of war. The involvement in Vietnam for almost a decade was a great drain on the treasure of our nation, and while the cost in terms of dollars was crushing, by far the most significant loss was those brave, loyal Americans killed and wounded as we fought a war for nearly ten years without ever trying to end it quickly by winning. These drains over the long years did damage our national morale, and perhaps our national resolve to stand throughout the world for the right to democracy and the human freedoms possible under that form of government. This is a determination that we cannot afford to lose -- that civilization itself cannot afford to have us lose. There is no other nation

of the world so dedicated, and with the strength to preserve the freedoms of every man and woman we so cherish.

Detente is a worthwhile goal. All of us can support detente. But it must be negotiated carefully, with no special advantages going to the other powers, and no weakening of our powers or our ability to respond to any eventuality.

The Secretary of Defense, Dr. James R. Schlesinger, warned only a few weeks ago that the approach to detente must be a cautious one. He said, according to the Christian Science Monitor, that: "Detente is a velvet glove -- a mailed fist in a velvet glove. Should we be discussing the beauty and texture of the glove, or the import of the mailed fist?"

The Soviet Union is not devoid of skilled negotiators. A recent example of the ability of the Soviets at this business, for it assuredly is not a game, was the grain purchases consummated. A nation of the most successful businessmen in the history of the world found itself out-maneuvered by the Soviet Union because of apparent intelligence failures. If we cannot be confident of our intelligence, especially in the defense field, the necessity of caution in negotiations is even more apparent.

Negotiation from a position of positive strength is essential. Detente, which will best serve America and freedom, must be achieved in a climate that finds the foreign power more eager than the United States for cooperation. Only then, whether we are dealing with the Soviets or whoever, can we be confident that we build a peace that at some future date could not become a disaster.

A prime example of maintaining negotiating strength lies in the relation of American troop levels in Europe to the forthcoming late October talks between the North Atlantic Treaty

Organization (NATO) and the Warsaw Pact concerning mutual reduction of forces in Europe. The United States cannot engage in a unilateral reduction without losing ground in its negotiating powers. Even if the nations behind the Iron Curtain, and it is still there despite the atmosphere of friendliness apparently prevailing -- even if those nations followed the example of a unilateral reduction by the United States and reduced their forces, the simple fact of the United States taking the initiative could be interpreted as weakness and over-eagerness on our part, and that would make negotiations all the more difficult even though we would know it was not weakness on our part that motivated the reduction.

It is my understanding that at present in Eastern Europe the Warsaw Pact nations outnumber our NATO forces in deployed manpower with 850,000 men to 750,000, in aircraft by 2,800 to 2,700, and in tanks by 14,000 to 6,000. The U.S. divisions and supporting aircraft are a part of this NATO force. The American ground forces comprise about one-sixth of the total NATO forces in the Center Region of Europe. The U.S. troops are among the best, of course, of the NATO forces, and they could mean the difference between holding and a break-through during the first critical days and weeks should a conventional attack be launched against central Europe.

I believe the NATO nations can afford to do more to strengthen defenses of the European Continent. At present, the NATO allies do supply most of the deployed forces -- about 90 per cent of the ground forces, 80 per cent of the ships, and 75 per cent of the aircraft. Nevertheless, I believe the NATO countries can and should do more. We should take all indicated steps to see that they assume a fairer share of the burden.

The United States cannot be concerned only with the defense of Europe, and neither can our European allies. We have responsibilities in all hemispheres and on every continent, and so do our European allies because we are all in this preservation of freedom business together. It is the most worthwhile business on earth.

The cost of keeping U.S. troops in Europe must be reduced, or if not reduced, made subject to greater subsidy from the NATO allies. Allied defense budgets, according to former Secretary of Defense Elliot Richardson in his March report to the Congress, are up 30 per cent from 1970. Germany helps offset the costs of our forces there in a number of ways. The present offset agreement between our two nations was more than $2 billion (b) for the fiscal year just ended.

There was further encouragement in June when the European Defense Ministers agreed to examine the problem of finding additional multilateral means to neutralize the balance of payment costs that stem from our maintaining forces in Europe. Those ministers of course, like U.S. ministers, must arrive at such means through government process and under political pressure. We wish them well in their endeavors to provide more help -- to take a bigger share of the load of their own defense and of our defense.

In the meanwhile, patience is called for on our part. Unilateral reduction, like unilateral disarmament, or even the hint of it, must be avoided when we face important negotiations with powerful nations like the Soviet Union.

In our exhiliration at being newly freed from the clutches of Vietnam, let us not expose our flank in any area of defense. George Washington gave us sound advice when he

advised in 1782 that, "There is nothing, which will so soon produce a speedy and honorable peace, as a state of preparation for war; and we must either do this, or lay our account for a patched-up inglorious peace, after all the toil, blood, and treasure we have spent."

I would add just a few observations about a strategic weapon of pressing concern to the Navy's readiness program.

Today, Senator McIntyre endorsed the Administration's development plan for the Trident I Missile, but recommended in a statement to the press that the Trident submarine IOC be delayed until 1980 and deployed at the rate of two per year thereafter.

The reasons given by Senator McIntyre are threefold:

First, a reduction in this year's and next year's funding of Trident; second, acceleration has not been justified by threat to our current force through the 1980s; and third, the product of a deliberate development program would enhance our SALT bargaining position.

I would respond:

First, the Department of Defense has estimated that a building program such as advocated by the Senator, while decreasing near term costs, could increase total costs of a ten-ship program by nearly one billion dollars. The budget proposal is the least costly of all the Trident deployment alternatives considered, including Senator McIntyre's proposal today.

Second, in this age of rapidly advancing technology, by the time a threat becomes unambiguous, it may be too late to resist. While the Trident missile backfit, utilizing the Poseidon Submarine, does provide a substantial increase in the survivability of our current sea-based forces, only deployment of the Trident Submarine provides the option of augmenting our sea-based forces in the face of the increasing vulnerability of our land-based forces. Only the Trident submarine provides growth room for new missiles or defensive systems. Only the Trident

Submarine will fully realize the benefits of the operation area made possible by the Trident I Missile.

Third, the Trident Weapon System is the result of a more deliberate and detailed development program than has been the practice in the past. The program is solidly based on the advances in technology that have occurred during the more than ten years since our last complete nuclear-propelled submarine ballistic design. The Trident Submarine design does have the growth room and the flexibility to accommodate future improvements; however, while we wait for incremental improvements that may not significantly influence system survivability, we will be delaying deployment of a new weapons system that offers significant advantages in survivability and effectiveness over existing systems. Trident building, not just the threat or promise of it, gives our negotiators solid backing. Without Trident, the Soviets have no real persuasion to bargain.

I recommend that we proceed with the Trident Program as proposed in the budget. In comparison with the program proposed by Senator McIntyre, it has the least total program cost, is the most survivable against anti-submarine warfare threats and provides the most effective force if launch tubes or ship numbers are constrained at some later date for political or budgetary reasons.

Thank you for the privilege of appearing before this Committee.

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U.S. MILITARY CAPABILITY TO RESIST AGGRESSION

Senator HANSEN. Well, let me say that I don't appear before this extremely important committee under any illusions as regards my expertise in national defense. I do have some convictions that I have held for a long time nevertheless, and those essentially are that this Nation's role in helping bring about stable conditions and helping further our common desires for world peace all hinge upon our military ability to resist aggression and to make good on our word.

Secondly, I think that there can be no greater overriding concern among the people of this country than their first concern that we have stable, peaceful conditions. Very personally, I have five grandchildren and if there is any one legacy I would hope to leave them it would be that this Republic might be perpetuated with the freedoms that it makes available to all people to continue and to be enjoyed by my grandchildren along with everyone else.

Third, there has been a lot of concern and lots of talk about priorities in this country—and the interests of the environmentalists have oftentimes been spelled out. In my mind, there is no greater despoiler of the environment than a condition of war. So on that score, too, it seems to me to make awful good sense, if we are interested in trying to preserve and enhance our environment, that we have the opportunity to do that in a time of peace. When we are at war, we, by the very nature of our involvement, have to bend every effort in trying to pursue the goal of terminating that war successfully. I think there can be no better way that we could hope to enhance the continuing successful improvement of our environment than to have peace.

Now, with respect to the different arms proposals that are before this subcommittee, let me say again I profess no expertise at all, I just want to make sure that if we err, it is on the side of strength. It is far better—far more economical in my judgment—to give ourselves the benefit of the doubt and to be sure that we don't underestimate the strength of a potential enemy, or that we don't overestimate the importance of a weapon system that we may have vis-a-vis that in the hands of a potential enemy. I say let's err on the side of strength.

EFFECTS OF STRONG MILITARY CAPABILITY

Now, more than that, I think there is an important consideration that this country bears in terms of the aspirations of people everywhere, and the aspirations of people for a condition of peace and stability around the world. And that is, that the great strength of this Nation, the bargaining power, the leverage that the President of the United States has when he negotiates with China or Russia or with the Middle Eastern countries, is a direct and proportional reflection of our military might. On that score, too, it seems terribly important to me to make certain that we have a nation that is No. 1.

I think in a brief way, Mr. Chairman, that reflects the underlying convictions I have in appearing before this subcommittee this morning. Thank you very much.

Chairman MCCLELLAN. Thank you, Senator. In essence you support the budget to keep this country strong.

AREAS OF DEFENSE BUDGET CUTS

We frequently hear what I would call more or less irresponsible statements about reducing the budget for the Department of Defense by $12 or $15 billion. I believe that there are areas in which some reductions may be made and savings effectuated without endangering the national security. I imagine that is true of any budget the size of this one. But I cannot see any wisdom in weakening our country's military strength to the extent that we will become a second rate military power.

I don't think we can afford to do it. I want to find ways where we can make some cuts in this Defense budget, and I think we can, but there is certainly a limit beyond which we should not go, unless we are ready to abdicate the responsibilities we have assumed and incur the risk of weakening our defense potential to where we would be inviting actions that could lead to war.

Senator Young.

Senator YOUNG. I just want to thank you for your statement, Senator Hansen. I think the views of various Members of the Senate differ widely. Many of them really believe in a strong defense, but at the same time believe that we can make deep cuts like $10 or $15 billion without impairing our military posture, or they have higher priorities for other programs than they have in defense.

Off the record.

[Discussion off the record.]

SIGNIFICANCE OF A STRONG MILITARY

Senator HANSEN. Well, let me say—and this may be on the record—when we talk about the social gains, when we talk about the comparative values of different programs that are before the Congress for consideration, it seems to me that basic to every long-term advancement that we consider we have to think first of all of the prime significance of maintaining this Republic, the prime significance of maintaining this country in a posture of strength so as not unduly to subject us to fear of aggression from some foreign power.

Everything we talk about, everything we hope for, everything we desire, all of the social advancements that we can consider seem to me to be based first upon the premise that this country is going to continue. I shudder to think about trying to place any other priority ahead of that. The continuing vitality of this Nation is basic to every other consideration and I don't think there is anything else that can be put ahead of it.

SACRIFICE REQUIRED FOR WORLD LEADERSHIP

Senator YOUNG. I don't think there is any question about the highest priority. The highest priority is an adequate military establishment, and the Russians can do it so much cheaper than we can. The average pay now in the military services, because of the voluntary military force, is around $10,000. As I mentioned two or three times, the salaries paid in Russia and the costs of many other things for their defense system are far less than ours.

Will we, as a Nation, be willing to sacrifice to maintain a position of leadership in the world? That is the question.

Chairman McCLELLAN. Yes. The question is, "Are we willing to pay the price of survival?" If we place personal and social desires over survival, we will lose both.

Senator HANSEN. I could not agree more.

Chairman McCLELLAN. What profit a man if he gains the whole world and loses his own soul? What profit us if we make some social gains and then lose the liberties to enjoy them?

Senator HANSEN. I could not say it as well as you have, Mr. Chairman.

I thank this distinguished committee very much for this opportunity to present my views.

SUBCOMMITTEE RECESS

Chairman McCLELLAN. Thank you.

We will recess until in the morning.

[Whereupon, at 11:55 a.m., Wednesday, September 12, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, September 13.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1974

THURSDAY, SEPTEMBER 13, 1973

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:05 a.m., in room S–126, the Capitol, Hon. John L. McClellan [chairman] presiding.

Present: Senators McClellan, Stennis, Pastore, Young, and Case.

DEPARTMENT OF DEFENSE

NONDEPARTMENTAL WITNESSES

STATEMENT OF HON. BARRY GOLDWATER, U.S. SENATOR FROM ARIZONA

DANGER IN DEFENSE BUDGET CUTS

Chairman MCCLELLAN. The subcommittee will come to order. We will proceed.

Senator Goldwater, you are our first witness this morning. Do you have a prepared statement?

Senator GOLDWATER. No, I have not. I just thought I would come here and discuss in a broad way some of my feelings about the problems that you are attacking—feelings, I might say, that come from years of service on the Armed Services Committee and almost a lifetime spent on this broad subject of military and war.

We are all interested in spending less money. I think probably the biggest threat that faces our country is continued inflation, but when we start attacking military spending and not attacking the rest of it, I think we are making a bad mistake. I think the Congress has to take a lot of the blame for the situation. It has been what I call fiscal irresponsibility on the part of Congress—mostly on the floor—that has gotten us in this inflationary position.

The biggest problem the military and the manufacturers have today, the biggest problem—not the only problem, the biggest problem—is inflation. In fact, if you take the so-called peace dividend from the cessation of hostilities in Southeast Asia, almost all of that has already gone to pay for increased weapons cost due to inflation.

Now, I realize the desire of this subcommittee to make cuts in the military budget. I can understand anyone on the floor wanting to do that, but I don't want to see us make mistakes by just saying, well, we can cut $15 billion or $12 billion or $10 billion or $1 billion out of this thing.

The Armed Services Committee, contrary to what a lot of our colleagues think, spends most of its time trying to get weapon costs down and eliminate those weapons that we feel are not needed. I think we do a very commendable job in this field.

We have to base our decisions, though—and I would hope that to a large extent you would base your decisions and the Congress would base theirs—on the threat.

Now, I know that we constantly hear that the Pentagon blows the threat up, and that they tell us lies about what the potential enemies can do, but again we are briefed on this regularly. I get briefed probably more than any other member, and I travel abroad and am briefed in other countries because they know of my interest. We do have a threat.

SOVIET MILITARY PROGRAM

As regards the threat and our potential enemies, the Soviets represent the current threat but they could well be superceded by Red China. The Soviets are taking advantage of the SALT I provisions on offensive weapons, and they are building up their offensive capability so that today they are ahead of us in the Navy, they have more aircraft than we have, faster aircraft, better performing aircraft. They have more tanks, they have of course a much larger army.

My personal feeling is that we are now No. 2. The only thing I would say that puts us in a superior position has been our experience in two wars, Korea and Vietnam, where our officers and enlisted personnel on the ground and in the air and on the sea have had more experience where they have had none, but that experience does not do you much good. After a few days of war, they all have experience.

I know that you have been subjected to theoretical cuts by groups like the Brookings Institute and the Committee for Peace Through Law and others. I would really advise listening more to those people who devote their lives in this business—the professional military man, the professional intelligence man, those of us who serve on the Armed Services Committee—and make a real study out of it.

REDUCTIONS IN B–1 AIRCRAFT PROGRAM

I give you one example of what we can do if we just say, "Well, let's cut this much out in the Armed Services Committee." I was not there when they cut $100 million out of the B–1 program just because the B–1 program has not been going as well as it should.

I have been a businessman, and when I was faced with the necessity of cutting a budget, I would never make an across-the-board cut without study. Now, we don't know where this $100 million is to come out of. If the chairman had said, "Well, let's eliminate the escape capsule," which I think we can do, "Let's take out some avionics," and it all totals $100 million, then that is the way to make cuts.

But when we get proposals on the floor to cut 10 percent, 20 percent, $100 million, $200 million, this is not the wise way to do it.

Now, I have been through that B–1 program. The airplane is now being put together, I think the wings will go on next week. Here is an airplane that man has never built before, and to be able to stay as reasonably close to their cost estimates as they have I think is an achievement. So I don't think that is the way to cut, and I want to make that point.

PROPOSED MILITARY PROCUREMENT STUDY

Now, the next point I want to make, and this comes after long experience in this field, I think our whole system of procuring for the military needs a real study. I have tried to get our armed services to do this. We have had one hearing only where we brought in a manufacturer and an aircraft designer and they sat there and told us their problems.

Now, I think it would be wise for your subcommittee to get into a study of the procurement methods of the Pentagon. They are not working well. As I said before you came in, the Russians have taken our old capitalistic system of procurement and we have taken their old socialist system of procurement, and they are just out-producing us.

Chairman McClellan. Let me ask you, do you propose there will be a joint subcommittee or two subcommittees—one from the Armed Services Committee and one from this committee—to make that study?

Senator Goldwater. I think it would be an excellent idea because——

Chairman McClellan. Sometimes it is hard to get committees to work together that way, but we would have a common interest.

Senator Goldwater. I think we could do it. In fact, you can remember in the days of Dick Russell we never even had a debate on the Defense Bill. He would get up for 2 hours and read off the particulars, and we would not even have a vote on it.

Chairman McClellan. That was before the Vietnam war.

Senator Goldwater. Yes. The last 4 or 5 years we have taken a long time to get that bill through the floor. I think if you could have a joint subcommittee or your subcommittee bring in the Pentagon people, bring in the manufacturers, and just listen to the problems of each side, this would work well.

For example, we have almost gotten out of the prototype business. Now the Russians have taken this, and every 3 years something new comes into their aircraft inventory.

Senator Young. This is a very important difference.

Senator Goldwater. It is a big difference. We have not had a new fighter aircraft in about 15 years, and we have not had a new bomber for about 20 years.

F–111 AIRCRAFT

Chairman McClellan. There is the FB–111.

Senator Goldwater. The F–111 is not a strategic aircraft, it is an interdiction bomber. It is not a heavy bomber even though it is part of our strategic bomber force.

Chairman McClellan. That plane has a variety of functions and can be utilized as a fighter or a bomber.

Senator Goldwater. Well, it is a wonderful airplane. I didn't think much of it when it started, but it has turned out to be a real good airplane, and if it were a little bigger, it could actually be more important than one type.

Chairman McClellan. I told the committees all along that a good plane could be produced, if they didn't compromise it by trying to undertake to make it do so many different things.

Senator Goldwater. Well, it has worked out well. It is an interdiction bomber, it can't be a fighter.

Chairman McClellan. It can't be a fighter?

Senator Goldwater. No; no way.

Chairman McClellan. Well, it is supposed to be that.

Senator Goldwater. I know it. They still call it the F–111, and I have been battling it and trying to make them call it the B. It is used for photo-reconnaissance at great altitudes and has proved to be a very fine airplane. Our experience is better with it accident wise than any jet we have ever made. I think this study into procurement practices is very badly needed. We had one hearing last year on it and the need to bring the Pentagon people and the manufacturer and even, I think, the Bureau of the Budget and everybody connected with money—I think it could result in some good.

WEAPONS DESIGN AND PRODUCTION

For example, our best weapons are always produced in war when the Pentagon doesn't have time to harass the manufacturer because it is too busy fighting the war. That is when we make real advancements.

Look at the Pentagon. For example, I asked Admiral Rickover one day in a hearing, "Admiral, if you woke up at 5 o'clock tomorrow morning with a real bright idea"—and he is probably the only man in that Pentagon who has the brains to think up something and draw it on a piece of paper, write up the specifications and put it out—I said, "how long would it be before you got that weapon system?

He said, "If I ever got it, it would be maybe 7 years."

He started to outline the problems even in the Pentagon. There are something like 11 organization blocks on top of him, and each one has the ability to stop that weapon system without the Secretary ever even knowing.

I think this should be included in any study in the structure of the Pentagon as it relates to procurement.

F–14/F–15 AIRCRAFT

Now we get into some specifics. We talk about the F–14 and the F–15. I have flown both of them. They are wonderful airplanes, but they are very, very expensive. I really feel that the lightweight fighter, the prototypes which are scheduled to fly in January, in February of next year, might be the answer to this. Now, these are aircraft that we hope can be produced for around $3 million each.

The services don't want them particularly because they want a more sophisticated piece of equipment. Here is another area, that I think we have gotten too sophisticated. We should have a weapon whose purpose is to destroy, and the man is going to be the destroyer. We don't need a lot of black boxes we cannot really depend on all the time to take the man's place.

We have just approved a small buy in the F–14 and carry on to the F–15.

Now Senator Stennis can tell you for the last 5 years we have been trying in the Armed Services Committee to get the Pentagon to make up their mind as to whether we will continue to have four tactical air forces or one. Now, we have the Navy, Army, Marines, and the Air Force. They all fly tactical aircraft.

We have, for example, in the Navy inventory five aircraft that do tactical work. In the Air Force there are four that do nothing but tactical work. In the Army, every helicopter with a machine gun can be used for close air support. The Marines use the Navy aircraft.

Now, I claim that we don't need four tactical air forces. I cannot get the Pentagon to make up its mind because it is a very political thing over there.

VARIATIONS IN AIRCRAFT

Chairman McClellan. Senator, you speak about a number of tactical Air Force planes. Are they all different types, different models?

Senator Goldwater. Well, the Navy has the F–4, all models of that. They have the F–14, the EA–6B and prior models of that, the A–7 and the AV–8A which is not in great quantity. That is the vertical takeoff and landing jet made in England.

The Air Force uses some of those aircraft, but in addition we have the A–10 which is coming into the inventory in a couple of years. We have the F–111 which we talked about, a tactical aircraft, the F–4, the F–105 which is about out of the whole thing. We have the F–15 coming in which is not a tactical airplane in the design of a bomber, but I suspect that in time they will hang a few gadgets on it to make it that way.

It is like the F–14. We had hearings on this, to get that airplane down in cost because it is one of the finest aircraft I believe that has ever been built. But you are looking at something between $14 and $25 million for one airplane depending on the way the costs are computed.

The last hearings we had the Navy said it could be used for close air support. Now, it was never designed for air-to-ground work, but they will put bombs on it, change the fire control system, and it will become a tactical aircraft.

As I say, the Army has its helicopter, and they are now in for what they call an armed helicopter for close air support. They finally, gave up on the Cheyenne.

I flew that helicopter, too, and it was a great concept, but I have yet to run into a good tactical airman that will say a helicopter is anything to shoot an enemy tank with. It is probably great in the jungles of Southeast Asia, but I would not want to hover 10 seconds to aim in on a Russian tank. I would not be there even long enough to get the job done.

So you can see the multiplicity of aircraft that we already have. I really think we could make a big saving by forcing the services into fewer aircraft. I think this is probably the fault of the Pentagon.

Chairman McClellan. In long range planning, that may be a part of the solution of our problem, but it won't be applicable to the appropriation bill this year.

Senator Goldwater. It will apply instead to the authorization bill this year, Senator. As I said, people think the Armed Services Committee spend their time trying to figure up ways to spend money, and I can tell you we spend more time trying to cut than anything else.

STATUS OF MISSILE DEFENSES

If we had everything in this authorization bill that has been asked for, it could be another $10 or $12 billion. We have eliminated missiles. I think that we are too prolific in missiles, but where do we cut? They are all good. Where do we cut?

We need, for example, a standoff missile. We had one back in the early 1960s. The Skybolt was a fine weapon, and Secretary McNamara canceled it just willy-nilly, and because it was canceled, it broke up the Royal Air Force. It can be launched a couple hundred miles from the ground target.

UPDATING THE B–52 AIRCRAFT

Senator PASTORE. I had never been to Omaha, so during the August recess I made it my business to go there. I was very pleased to learn that you were there at the same time. I talked to General Myers, and he made much of the fact that he had been desperately trying to get $255 million to modernize and make more efficient the B–52s. It appeared to me he was rather frustrated. Have you ever heard of him?

Senator GOLDWATER. Oh, yes.

Senator PASTORE. Would you like to comment on the B–52 problem?

Senator GOLDWATER. Well, we have in this year's budget funds to update and modify the B–52s. I think it is a good program. The Air Force is having metal fatigue problems in the structural members and the surfaces and the engines are in bad need of overhaul and replacement.

Senator PASTORE. I was very much impressed with what you said regarding more or less constricting our family of planes and dwelling more on those that we already have that we consider to be efficient and capable.

What bothers me, however, if what you say is true, is whether we are not going in the wrong direction? We are spreading ourselves thin, when we could go forward.

Senator GOLDWATER. You are right, except I don't think you can work a weapons system, like an airplane, one model, forever.

B–52/B–1 AIRCRAFT COMPARISON

Now, the B–52 is over 20 years old. We have the B–1 coming along to replace it, and there have been many suggestions made about the B–52, to rebuild it, beef up the wings, put on bigger engines, but the increase in performance would be so small it would not be worth it, and by the time we got through with it, each B–52 would have in it about what the B–1 is going to cost.

The B–1 is, I believe, going to be our long-range followon bomber that can last as long as the B–52. What you are really saying, and I agree with you, is that in this great inventory of aircraft it could be whittled down.

AIRCRAFT CARRIERS

Just as the carrier is not an airplane, but it carries airplanes. The day of the carrier, in my opinion and most strategic thinkers, is over, and the Navy knows this, and they are cutting the aircraft carriers down.

I would say within 10 years the carrier force might be five or six.

Now, as that goes down, we can cut down on the number of aircraft the Navy needs.

TACTICAL AIR FORCES

Before you came in, I observed that we had four tactical air forces, the Soviets have one. The Red Chinese have one. The French have one. The Germans had one. We have four outfits doing the job that one was designated to do, and they have all now gotten back in the act. This is something that has to be decided at the high levels of the Pentagon, and they won't make the decision because it is more political than Democrat and Republican when you get into the services.

PROPOSED MILITARY PROCUREMENT STUDY

It gets back to what Senator McClellan and I were talking about before you came in, that I think we need a real in-depth study on the whole subject of procurement, and this would mean the Pentagon, the manufacturer, the aircraft designer, the Services, the Bureau of the Budget, the National Security Council.

It won't affect this year's budget by any means, but it can have a very salutary effect as we go down the road. We know as we go down the road these weapon systems are going to cost more and more and more.

OVERSOPHISTICATION OF WEAPONS

I mentioned to the staff earlier that the most expensive aircraft I flew in World War II was $225,000. Today, one Phoenix missile to hang under the wing of the F–14 costs that much—just one missile—and they will carry six of them every time they take off.

Now, we cannot go back to the days of World War II, but I think all of us realize where the real trouble is. Oversophistication.

We have just gotten back into prototyping, which I think is a very excellent way to do this. We have depended too much on Pentagon designers and not enough on manufacturing designers.

As I said earlier, the best weapons we ever made are made during war when the man in uniform is busy fighting the war and the fellow running the industrial war designs it himself.

As far as this year's budget, I will be perfectly honest with you gentlemen. I don't know where you can cut $1 out of it. We have really worked this thing over. We took $100 million out of the B–1, which I think was a mistake.

Chairman McClellan. Out of what you authorized?

PAY INCREASES AND INFLATION

Senator Goldwater. Yes; I just can't see it. If you look at the increase in this year's budget over last, about $5.5 billion, a little over half of that goes to personnel. We raised their pay, not the Pentagon. We did that. So you are left with something around under $3 billion. All of that is already going to absorb increased costs due to inflation.

TRIDENT MISSILE SYSTEM

Senator YOUNG. What about slowing up the Trident?

Senator GOLDWATER. Well, I will tell you the truth. I have to go along with that. I do it reluctantly. I didn't vote for it that way in the committee. I told the Navy when they came in last year and wanted this big bulge in the Trident, I said, "You are going to get into trouble with this because it is a place that people see cuts possible."

The question is whether we strategically need the Trident in 1978 or 1980 and, if it comes to a vote on the floor, I would just support it. Seven of our committee voted to cut it back to its normal development.

AWACS: AIRBORNE DEFENSE COMMAND AND CONTROL SYSTEM

There is also a question on AWACS, which is the Defense Command and Control System. This sounds like a good place to make a big cut, but what we have learned in South Vietnam electronically has made every commander I know of happy because he can now detect the enemy electronically, where before 75 percent of his forces were needed to detect and 25 percent to destroy.

AWACS will provide the command post, the sensor center for sea and land, the ability to direct aircraft from the ground to their target, from the aircraft carrier to their target, the ability to detect any ground movements. It is a weapon system that I think eventually will really save us billions of dollars.

Every time we knock the need for 100,000 men out, we save $1 billion.

Senator CASE. What is the general concept of AWACS?

Senator GOLDWATER. Well, it is a 747 aircraft that has a very large radar antenna on top of it and they will remain airborne in the number required to support a theater commander in his command and control function. They would have to be protected, of course, by fighter aircraft, and the concept is that it will be the airborne command post where, instead of having to wait for the photo reconnaissance to be brought back to a center, information will be available in real time.

That is about the general concept of it.

Senator CASE. That is not for use in technical situations then, as I understand it?

Senator GOLDWATER. Yes; you could conceive of some strategic use, but it would be kind of farfetched. The tactical, or battlefield surveillance will be the primary role. It is also to be used in the Air Defense mission here in the United States.

Senator CASE. Actual minute-to-minute conflict.

Senator GOLDWATER. That is right, just like we have the stationary satellite sensors over at one point there that can detect the launch flame of any missile from Russia. This will be able to make the same kind of detections as to the movement of enemy and friendly aircraft.

TRIDENT MISSILE SYSTEM

Senator PASTORE. You lowered your voice when you talked about the Trident. Did I understand you to say that you are going to vote against it?

Senator GOLDWATER. I have never been in love with the accelerated Trident program but we have to have the Trident.

Senator PASTORE. I didn't understand you.

Senator GOLDWATER. We have to have the Trident.

The Navy came over last year and wanted to accelerate the first IOC to 1978 instead of 1980, and I told Admiral Zumwalt at the time, "You are making a mistake because we are going to come more and more under the guns of Members of the Congress who understandably want to cut it." This is one that we are going to have a difficult time defending. That is the position I am in.

Senator PASTORE. You mean the stretchout?

Senator GOLDWATER. The stretchout, not the accelerated program. Not with the Trident. A carrier submarine like the Polaris is now becoming an old submarine.

Senator PASTORE. I know.

Senator GOLDWATER. And the Trident we need.

Senator STENNIS. As I understand you, the committee was unanimously for the Trident moving forward?

Senator GOLDWATER. Yes.

Senator STENNIS. It was just a question of which figure was to be recommended time-wise.

Senator GOLDWATER. Eight hundred and eighty-five million dollars this year for the accelerated program and I have not been convinced. Although I voted for the accelerated program in committee, I am not in love with that decision. But the Trident. Have you seen it?

Senator PASTORE. I saw it in New London.

Senator CASE. Mr. Chairman——

Chairman MCCLELLAN. The Chair would state it has a message from the floor that they need enough Members to get a yea-or-nay vote. I don't see any quorum call. If anyone wants to go, I have made that announcement.

Senator STENNIS. This is important.

B–52 AND B–1 AIRCRAFT COMPARISON

Chairman MCCLELLAN. I just made the announcement, Senator.

Senator CASE. Could I ask a question, Mr. Chairman?

Chairman MCCLELLAN. Surely.

Senator CASE. Barry, what is the advantage? Is the B–1 advantage enough over the B–52 to warrant a whole new system as opposed to having anything to do with making the B–52 last longer? Has it a greater capacity?

Senator GOLDWATER. Well, the B–52 is now 22 years old.

Senator CASE. I know.

Senator GOLDWATER. The last one that came off the line was 6 or 7 years ago. There are funds in the budget this year—I won't use the word modernize, but to update the B–52's that we have left. There are not many of them.

Senator CASE. I was not thinking so much of taking these specific machines and trying to do something with them, but of the possibility of building more.

Senator GOLDWATER. When you got through doing that, you would be spending about as much as you would be spending on the B–1 because the lines are all cut down, the tools are gone. We have to have a new bomber. Now the B–1 is a whole new concept for us. It is supersonic at certain altitudes. I was in it just 3 weeks ago. They are about to put the wings on, and the fuselage is finished. I think they did a good job

keeping the cost down as much as they have, but we are not looking at a $30 million airplane; we are looking at something that is going to run $45 million if we can hold it.

Now that sounds like a devil of a lot of money, and it is, but it is better than starting from scratch again and even to use the B–52 concept, which I think would be wrong at this day and age because of its great reflective power on radar scale and the fact that it is not faster.

Senator CASE. This is much smaller?

Senator GOLDWATER. It is a smaller image. It is a very, very small image on the radar, and infrared detection is nearly impossible on it. In other words, the Model T Ford will get you to work, but it won't do it as well as a new Ford.

SUBCOMMITTEE PROCEDURE

Chairman MCCLELLAN. That is a rollcall.

Senator PASTORE. Why don't we go to that?

Senator STENNIS. This is mighty important, I think.

Chairman MCCLELLAN. Let the Chair ascertain, who else is scheduled at this moment?

Mr. MCCONNELL. Senator McGovern at 10:30 a.m., and Senator Symington at 11:30 a.m.

Chairman MCCLELLAN. Well, Senator McGovern is here.

We will hear you after Senator Goldwater completes his testimony, sir.

Senator GOLDWATER. Unless you have questions, I don't have anything else.

Chairman MCCLELLAN. I think the members may want to ask you some questions.

Senator CASE. I did ask the questions I had.

TRIDENT MISSILE SYSTEM

Chairman MCCLELLAN. Senator Stennis?

Senator STENNIS. I have just a very few. I will make it especially brief.

You were speaking of the Trident. I want to get it clear to all here that in the Armed Services Committee there is no dispute about the Trident being a necessary weapon in this field. The question is just on the rate of the expenditure, whether to accelerate it or not.

Senator GOLDWATER. Yes, that is all it amounts to.

Senator STENNIS. Presently the committee bill has in it a larger sum.

Senator GOLDWATER. That is right, $885 million is the vote.

Senator STENNIS. And you voted that way?

Senator GOLDWATER. I voted that way, but I am not in love with that situation.

Senator PASTORE. Does Senator Symington feel the same way, too?

Senator GOLDWATER. Senator Symington voted against the accelerated program. Senators Symington, Dominick, and Cannon among others.

Chairman MCCLELLAN. You are talking about over half a billion dollars.

Senator PASTORE. It is interesting.

Chairman MCCLELLAN. Anything further, gentlemen?

Senator STENNIS. No, that is all.

I want to say something on procurement, but Barry does not have to be here.

Senator GOLDWATER. I want to thank you.

Chairman MCCLELLAN. Thank you, Senator, very much.

[Whereupon, a short recess was taken.]

STATEMENT OF HON. GEORGE McGOVERN, U.S. SENATOR FROM SOUTH DAKOTA

PREPARED STATEMENT

Senator MCCLELLAN. Come around, Senator McGovern, please, sir.

Senator McGovern, I note you have a prepared statement. Would you like to read it, or would you prefer to insert it and highlight it?

Senator MCGOVERN. I would like to insert it and maybe read a portion of it, and if I am reading more than is necessary, I hope you will stop me.

Chairman MCCLELLAN. Let the statement be printed in the record in full, and then you may proceed as you like, Senator.

[The statement follows:]

Mr. Chairman and members of the Subcommittee, President Nixon sounded a familiar theme in his exhortation to the Congress last week:

> "I have noted that several members of Congress have suggested that the way to balance the budget is to add to the domestic budget to whatever amount they would like and then take it out of defense.
>
> "This would be a fatal mistake because we can have the finest domestic programs in the world and it isn't going to make any difference if we don't have our freedom and if we're not around to enjoy them."

That sort of sterile hyperbole has ruled our military priorities too long. Along with sweeping assertions of the need to remain a "first rate power," it has served for too many years as a substitute for a rational definition of national security and for prudent steps to meet real needs. I hope this Committee and the Congress will reject it.

Indeed, we must reject it if we are to remain true to ourselves.

In his new "State of the Union" message Monday, the President charged that we are in the process of exceeding the spending ceilings we and he have set by an anticipated $7 billion.

We have done no such thing. But, with some help from the impoundment rulings of the courts and the high interest policies of the Federal Reserve Board, we probably will exceed the budget limits, unless we make adjustments in the military appropriations legislation you have under consideration.

I maintain that we can make reductions on that order without the slightest risk to our freedom or our survival. You are considering $79 billion in new outlays for arms in fiscal 1974. The Pentagon wants $85.2 billion in new obligational authority. Mr. Nixon seems to suggest that if we instead spent $72 billion or obligated $78.2 billion, we would be either red or dead in a very short time. And that premise is false on its face.

It may be that our national security is in peril. But if that is true, it is not because we have given the Pentagon too little. In part it is because we have offered up too much for arms, and too little for the other sources of national strength.

We are threatened by a fuel and energy crisis, while our best scientists and engineers are still absorbed in military overkill. The America that was once the world's breadbasket now finds cupboards that are bare and a policy that is barren of ways to assure that we and those in need have enough to eat. While our statesmen and diplomats have concerned themselves with the manipulation of military muscle around the globe, our economic muscle is depleted to the point where both allies and adversaries -- some with no armed forces worthy of the name -- can exploit the weakened position of our dollar and our economy. We have become a second rate economic power, and our strong dollar has become a fourth or fifth rate currency. And now, finally, our preoccupation with the most militant view of "national security" has turned back upon our own ideals. In Watergate, under the banner of "national security," our Constitution has been ignored and our laws have been abused while the whole world was watching. Today the whole world wonders what has happened to the America that was conceived above all as a beacon of liberty and the rule of law.

Most of us now recognize that increasing arms budgets are at war with other priorities. It is clear that if Congress grants in full this year's request for military money it will mean cutting elsewhere in programs already approved by strong congressional majorities.

So we do have the strongest possible incentive for examining this request carefully; for determining, before we elect to "err on the side of strength," whether we must err at all.

But where in this arms budget can we cut? And can it be done safely, with due regard for a world in which there is strife and hostility which does call for an American response.

I believe part of the answer is best found by holding to a more realistic definition of military security, one that embraces the underlying reasons why we conduct a foreign policy and why we maintain military might. We must, I believe, come to regard our foreign policy not as an end in itself but as an instrument to serve the needs of our society. We do not conduct foreign policy to enhance the reputations of our leaders, but to protect the aspirations of our own people. For that purpose we must spend what we need -- but no more.

Of course, no one defines national security policy otherwise. But we do practice it on a much grander and more expensive scale. Much of what we are doing now cannot be explained with any real plausibility in terms of our national interest.

Most Americans probably surmise that we set military spending levels by surveying the threats to our own shores and to our vital allies, by accounting for the military resources we already have, and then by adding what, if anything more, is needed to meet the danger we can perceive. That would certainly be the logical way to proceed.

But, under the compulsion of two kinds of pressure, we do far more.

Our View of the Threat

First, despite occasional shifts in strategy, we still assess the threat of international communism in much the same way we did after World War II. Then we saw an inexorable monolithic force, conceived and commanded in Moscow and striving both through direct aggression and internal subversion to control one nation and then another, until at last they could force even the United States to submit. We determined that this force had to be opposed anywhere it appeared, lest it spread everywhere. And opposing it on that scale required construction of vast peacetime forces for a struggle which, although it could be either hot or cold, would dictate a world permanently at war.

In the postwar climate that seemed to most people to be a reasonable proposition. It was confirmed by the growth in Soviet arms and it was reinforced by the words and dealings of Soviet leaders. The benefit of hindsight may give us added insight into the nature and the capabilities of our adversary. But, we could not afford to gamble -- especially with the major free powers of Europe still depleted from the war. We acted to meet what we saw.

But now, after more than a quarter of a century of cold-war experience, we should have a more developed view. Again, we should act to meet what we see. And we should be able to see now that communism is no more monolithic than anti-communism. A few may still suggest that the Sino-Soviet rift is a contrivance to lure a lowered Western guard. But nearly all responsible observers now regard it as real, serious, and lasting. In Europe, the primary focus of armed conflict since World War II has not been aggression against the West but repression within the East, against anti-Soviet and pro-nationalist sentiment in Hungary, Czechoslovakia and elsewhere. Meanwhile, less developed countries, regardless of their internal political and economic systems, seem more and more determined to act independently in their external relations. We can detect further that whatever influence the superpowers may have, either in sponsoring or suppressing revolts, weighs far less than internal conditions which are largely beyond our control. And it can be argued quite persuasively that the American arms, bases and military aid in less developed countries may help more than hinder such revolts, by serving as a substitute for internal reform or by placing the governments they support at odds with the nationalism of their people.

This is admittedly an improved view. But I maintain that it is also the correct view. And all of these trends do suggest that the world today is substantially less dangerous than the world we saw immediately after World War II. They indicate that regardless of whether or not we can muster the resources for such a massive role,

there really is no need for the United States to operate as policeman of the world. I believe they permit us to substantially scale down our presence and our capacity for intervening around the globe.

The "Bargaining Chip" Approach

A second pressure which attracts spending beyond the strict requirements of national security is the premise that we must build, maintain, or deploy military forces strictly as "bargaining chips," for the use of our diplomats but not for the protection of our society.

I welcome and encourage negotiations to resolve international disputes, to reduce tensions and to control arms. But it is also possible to place the process of negotiations ahead of their purpose. We must recognize that the soundest basis for arms reductions is not in our willingness to spend more extravagantly than the other side, but rather in a mutual recognition that extravagant spending serves neither side. We cannot sustain a bargaining strategy which sees success in forcing the other side to give something up, even when it makes no real difference to us that they have it. If we are bound first of all by the interests of the American people in security, rather than by the interest of our negotiators in prominence on a world stage, then we certainly cannot justify spending billions of precious dollars for "bargaining chips" that will be inappropriate or unnecessary even if negotiations fail.

We have, for example, applauded the fruits of SALT I. But at the same time I suggest that in terms of what it should have achieved, SALT I was a failure. And I believe it fell short as a direct result of our "bargaining chip" strategy.

The American people could have been spared the $5 billion cost of an antiballistic missile site at Grand Forks, North Dakota, which would have afforded no meaningful protection to anything or anyone even if there had been no agreement. Yet we built it as a "bargaining chip." Much more seriously, I think we and the world could have been spared the dramatic escalation of arms and overkill represented by multiple independently-targetable warheads, or MIRVs. We have deployed them even though we did not need them to assure our deterrent. We were far ahead of Soviet technology in this area. The only explanation for deploying Poseidon and Minuteman III was to increase our bargaining power. But the effect of those deployments was to push MIRV outside the scope of the SALT I bargain; now, as many of us predicted, the Soviet Union is testing a MIRV of its own, and it appears that we have no way to prevent it. Our MIRV strategy is coming home to roost on our own rooftop. And the arms control record of the past several years stands not as a tribute to our statesmanship, but as a damaging indictment of the "bargaining chip" strategy.

We pursue the same course in conventional arms. I do not, for example, dispute the premise that our own safety is directly dependent on the security of Europe. It is and must remain our first priority beyond our own borders.

Yet that should not preclude weighing such factors as the quantitative and qualitative balance of forces, the deep political divisions within the Warsaw Pact, the postwar recovery and new prosperity of our NATO allies, our own growing capability to rapidly redeploy our troops and equipment overseas, the traditional necessity for an aggressor to have substantially superior forces to gain even a short term advantage, and the deterrent effect of tactical nuclear weapons. In light of all these considerations, I have no doubt that we can safely phase our troops in Europe down to less than half their present levels without any serious political consequences and without the slightest military risk to our allies or ourselves.

But, we are told, we must continue to maintain some 319,000 troops in Europe and related areas, not so much because the threat requires them, but because they will give us negotiating leverage in the quest toward reduced forces on both sides.

Quite frankly, I consider it doubtful that the Soviet Union will negotiate seriously with NATO for the withdrawal of troops that have less to do with NATO than with divisions inside the Warsaw Pact. But regardless of that, it is relevant to the American people that the United States bears about one-third of the costs of NATO, not counting our nuclear

shield over Europe. The budgetary and balance of payments cost of our forces there inevitably rises as the dollar slides -- and it has been sliding, in part, because of our European presence. So long as the physical threat does not require it, can we really justify a policy that sends thousands of men and billions of dollars to Europe as "bargaining chips"? Given that purpose, I suspect the average American taxpayer would likely say, "let the Russians squander their rubles if they like; let us bring at least a portion of our men and dollars home."

In my view these two pressures -- a failure to adapt to new realities bearing on the threat to our security, and the tendency to build "bargaining chips" that are superfluous to our real security needs -- account for the major share of mounting military budgets. There are other causes of rising costs: the excessive sophistication of modern weapons, the wasteful use of manpower, doubtful procurement practices, attempts to preserve strategies and weapons, such as attack aircraft carriers, which cannot be sustained in the modern context, and others. But if we stop there in defining military waste, then I frankly do not think we realize substantial savings from the military sector. In terms of the most popular simplification, I contend that it is not just "fat" that is wasteful; we are spending enormous sums on wasteful "muscle" as well -- muscle which may be well built, managed and manned, but which far exceeds what our real security interests demand.

An Approach to Specific Cuts

So I urge the Committee to keep these broader questions in mind. What I propose now is a process more than a specific military program -- a process of phasing our arms spending down to levels which square with the world as it is, not as we once saw it; down to bargaining strategies which can fend off arms competition, not fuel it.

This is a process which must be undertaken gradually. Last year I suggested the outlines of the kind of alternative military posture which I believe is possible if we base our military budget quite strictly on responses to real threats. But I proposed that it be phased in over a period of several years so we could first, watch the reaction of the other side and respond if necessary, and, second, assure alternative jobs for the people and uses for the resources the military sector would no longer need.

But if we do change directions along the lines I have suggested, I think we can responsibly save at least the $7 billion by which the President feels we may exceed the proposed spending ceiling in fiscal 1974. The following examples indicate what could be done within a ceiling of that kind:

First, we should begin phasing down our military manpower, focusing initially on the 600,000 troops stationed abroad, on nearly 2,000 military installations and 322 major bases, or at sea. Many of these forces, which cost an estimated $30 billion annually, reflect the strategy of an earlier era. Their presence fails to reflect a diminishing danger of conventional war requiring our involvement, and it does not account for the growing strength and prosperity of our major allies. Over several years I believe we can meet our legitimate concerns and commitments, particularly in Europe, Asia and the Western Hemisphere, with ten active Army divisions and two Marine divisions, supported by air and naval forces scaled down proportionately. Overall this would reduce active duty military manpower by nearly 500,000 below the Administration's proposed year-end strength for fiscal 1974. If we phased that reduction in over a three year period, we would be saving a total of some $5 billion annually by the end of the third year in manpower alone. Fiscal 1974 savings would be approximately $1.7 billion.

Second, civilian manpower in the Pentagon should be cut back more than proportionately. The civilian bureaucracy of the arms establishment has continued to grow despite reductions in military forces from the Vietnam peak. A ten per cent reduction would do little more than catch up with military cuts already implemented. It would save about $800 million.

Third, we should terminate construction of the third Nimitz class nuclear carrier, the CVAN-70, and then begin scaling down our total carrier forces. In light of their vulnerability to sophisticated submarines and long range surface-to-surface and air-to-surface missiles, it seems clear to me that we cannot rely upon aircraft carriers in any

war with a major power. Through satellite reconnaissance they can be kept under constant surveillance, and if war broke out they could be forced out of action with relative speed. Therefore, whether or not they are defined that way by the Navy, the size of our carrier forces signifies primarily that we are preparing for involvements in conventional wars with minor adversaries. While they may be useful for that purpose, as well as for "showing the flag," the prospect for such involvements has lessened to the point where we can safely reduce our carrier forces. A decision to halt construction of CVAN-70 would, of course, mean no more than a reduction to 11 carriers, instead of 12, by 1981. It would save $657 million in fiscal 1974.

Fourth, we should terminate the F-14 program. This carrier-based aircraft is an inadequate attempt to defend aircraft carriers against major powers. Against less sophisticated foes it will provide little improvement over the F-4. Fiscal 1974 savings would be $633 million.

Fifth, we should cut very sharply the requested funds for continued military operations in Indochina. Despite the determination of Congress to end our involvement there, the budget includes more than $2 billion in military funding for South Vietnam, Laos and Cambodia, plus another $1 billion for American air and naval operations. The Senate has approved language in the foreign military aid bill that would at least limit our arms shipments to South Vietnam to replacement on a one-for-one basis of weapons and ammunition which are used up and lost -- the limit set by the Paris agreement. And the congressional prohibition against U.S. operations in, over, or off the shores of Vietnam, Laos and Cambodia should have the effect of saving all of the $1 billion requested for that purpose. While it is impossible to estimate precisely the cost of replacing arms to the extent permitted by the Paris settlement, it should not exceed amounts already available from prior year authorizations or included in the 1974 foreign military aid authorization bill. Therefore the appropriate course would be to eliminate the full $3 billion requested by the Pentagon for U.S. and allied operations in Indochina in fiscal 1974.

Sixth, I believe we should postpone procurement of the Trident submarine and that we should stretch out the research and development effort on both the Trident submarine and the Trident I missile. We should aim for incorporation of new nuclear submarines into the fleet by 1984, when the oldest Polaris/Poseidon boats will begin reaching the end of their useful life, rather than by 1978. There is no compelling evidence that our existing submarine launched missiles may become vulnerable to a counterforce attack before the 1980s. Further, the degree of overkill represented by the nuclear triad we have now -- Polaris/Poseidon, Minuteman ICBMs and strategic bombers -- can surely deter any sane adversary over this period. Trident is an enormously expensive system -- estimated at about $1.3 billion for each ship -- and constructing it on a crash basis, as the Administration proposes, only invites technical problems and waste. If it is seen as a "bargaining chip" for SALT II, then certainly our ability to build it later should carry as much weight as actually building it now. In light of these arguments, I believe we should allocate $300 million for Trident research and development this year, principally for the Trident I missile which could, through backfitting, be employed with existing submarines if it becomes necessary to extend their range. Savings in fiscal 1974 would be $1.2 billion.

Seventh, further work in ballistic missile defense should be held to a low level research and development effort. The Administration has requested a total of $675 million for anti-ballistic missile systems, including remaining procurement for the Grand Forks Safeguard site. The Armed Services Committee has again adopted language which would rule out construction of a Safeguard site for the National Command Authority, and any broader ABM deployment -- including the light area defense and the site defense proposals which are proposed for continued study -- could not be deployed within the terms of the SALT I agreement. Therefore, we conduct research and development primarily as a hedge against violation of the agreement and in order to stay on top of technology. But even if the agreement were violated it is not clear that deployment of any of these defensive systems would be the appropriate response. And while it permits completion of the Grand Forks site, the agreement certainly does not require that we finish a system which adds nothing of significance to our security. Safeguard procurement should be terminated, and we should continue only a modest ballistic missile defense research effort. $150 million would be a generous amount. Total savings in fiscal 1974 would be $525 million.

Eighth, we should eliminate funds requested for continuing to add MIRV warheads to our Minuteman force. The main rationale for these independently-targetable warheads -- to penetrate a possible Soviet ABM -- has disappeared as a consequence of the SALT I agreement. Any abrogation of that agreement by deployment of the Soviet ABM could be detected in ample time for the resumption of Minuteman MIRVing. And in any case, a substantial proportion of the 550 planned conversions has already been completed. Savings would total $768 million.

Ninth, we should encourage the exploration of alternative designs of strategic bombers to replace the B-52, including a possible stretched version of the FB-111 or an aircraft designed to stand off from strategic targets and fire missiles instead of attempting to penetrate sophisticated defenses. Since the later series B-52s can be expected to last well into the 1980s, there is no need to have a new bomber in the fleet before the end of this decade. While we should retain the insurance afforded by the triad deterrent, we should not become needlessly locked into a design which seems less and less appropriate for the mission it will be called upon to perform. $100 million should be sufficient for continuing research and development work on the B-1 while at the same time initiating studies of the alternatives. Fiscal 1974 savings would be $374 million.

Tenth, funding for the Airborne Warning and Control System should be eliminated. This program is designed primarily as a defense against strategic bombers, yet there is no significant bomber threat to the United States and, in SALT I, we have agreed that we will not attempt to defend against missiles in any event. Under such circumstances a defense against bombers seems ludicrous in the extreme. Further, the system would be of no utility against tactical aircraft in, for example, a conventional war in Europe, because of its high vulnerability in hostile airspace. The program should be cancelled, for a savings of $209.5 million.

The adjustments I suggest in these ten areas total $9.9 billion in fiscal 1974 savings. If they were all adopted, the net result would be a reduction of almost $3 billion in the total fiscal 1974 budget, even if the President's predictions on additions in the domestic area hold true.

I emphasize that these are not the only areas in which cuts could be made. I have concentrated on major systems and programs which seem to me to be the most questionable. But the report of the Senate Armed Services Committee, for example, calls for reductions of some $607 million in areas which I have not mentioned -- shipbuilding, the Poseidon program, sea control ships, B-52 modifications, the SCAD missile, the A-X, the M-60 tank, and others. A group of distinguished experts in defense, science and foreign policy, including former White House science advisors and former high officials of the Defense Department, the Central Intelligence Agency, the Arms Control and Disarmament, and the National Security Council, has recommended, in a report entitled "Military Policy and Budget Priorities," total fiscal year 1974 cuts of $14 billion. The authors of the Brookings Institution's report, "Setting National Priorities: The 1974 Budget," have outlined an option which would save $7 billion in fiscal 1974 and $26 billion by 1978.

These recommendations do not represent wishful thinking about the world. They are not the product of the people who fail to comprehend either the complexities of arms planning or the intricacies of international strategy.

Rather, these proposals simply reject hyperbole in security policy and hysteria in arms planning. They are based on realistic appraisals of our role in the world and on sound tactics for reducing the risk of war. While they are presented in terms of cuts from submitted budgets, they account just as much for what is left; they recognize that with or without some of these proposed additions to our conventional and nuclear arsenals, American military forces will remain formidable indeed.

Finally, they embrace a more comprehensive definition of national security. It includes the credibility of our system in the eyes of our own people as well as the credibility of our deterrent in the eyes of the communists. National security includes a strong economy with protection against spiraling prices and shortages of food and fuel. It includes schools for our children as well as silos for our missiles. It includes the

health of our families as much as the size of our bombs, the safety of our streets and the condition of our cities, and not just the engines of war.

That is the kind of security the American people deserve. I hope the Committee will assure it.

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Summary of Major Fiscal 1974 Savings

	Source	Estimated Savings (in millions)
1.	Active Duty Manpower	$1,700
2.	Civilian Manpower	800
3.	Cancel CVAN-70	657
4.	Terminate F-14	633
5.	Cut Military Aid and End Military Operations in Indochina	3,000
6.	Postpone Trident Procurement and Stretch out R&D	1,200
7.	Stop Safeguard Procurement and limit ABM R&D to $150 million	525
8.	Halt Minuteman MIRVing	768
9.	Postpone New Strategic Bomber and Study Alternative Designs	374
10.	Cancel AWACS	209
	TOTAL	$9,866

DEFENSE BUDGET AND OTHER URGENT NEEDS

Senator McGovern. Mr. Chairman, in the President's recent state of the Union message, he expressed the view that the Congress would exceed the spending ceilings that he has suggested by some $7 billion.

I think that need not be the case. But with the help of some of the anti-impoundment rulings by the courts and also as a consequence of the high interest policies of the Federal Reserve Board, we probably will exceed the budget limits unless adjustments are made in the military appropriations legislation that you have under consideration.

My central contention this morning is that we can make reductions on that order, in other words, the $7 billion that the President is worried about our exceeding the budget, without any risk to our freedom or our survival.

I think most of us now recognize that an increasing Defense budget is at war with other urgent needs before the country. It is not that any one of us wants to do anything to jeopardize the defense of the country. It is a question of how best we can use limited resources so that all of the sources of national strength, not just military strength, are adequately considered.

It is clear that if Congress grants in full this year's request for military expenditures, it is going to mean cutting elsewhere in programs already approved by rather strong congressional majorities. If we do not do that, then the President's prediction will come true. We will exceed these spending ceilings that both he and the Congress have agreed upon.

Most Americans, I think, would surmise that we set military spending levels by surveying anticipated threats to our Nation and to our vital allies, by then accounting for the military resources that we already have at hand, and then by adding what, if anything, more is needed to meet the dangers we can perceive. That certainly would be the logical way to proceed.

But, under the compulsion of two kinds of pressure, it seems to me we actually go beyond that in determining our military spending levels.

THREAT OF INTERNATIONAL COMMUNISM

First, despite occasional shifts in strategy, we still tend to assess the threat of what we call international communism in much the same way as we did in the years following World War II. At that time we developed this theory of the inexorable monolithic force of communism, conceived and commanded in Moscow with help from Peking, and striving through direct aggression or indirect subversion to control one nation and then another until at last they would jeopardize even the existence of the United States.

That climate seemed to most people to be a reasonable one, a reasonable proposition. It was confirmed by the steady growth in Soviet arms and it was reinforced by the words and dealings of Soviet leaders.

But now, with the passage of time over the last quarter of a century, we should have a more developed view. I think it is fair to say that nearly all responsible observers now regard the Sino-Soviet split and other fracturing in the Communist world as real and serious and lasting.

In Europe the primary focus of armed conflicts since World War II has not been so much aggression against the West, but repression within the East.

Less developed countries, regardless of their internal political and economic systems, seem more and more determined to act independently in their external relations. So, whatever influence the superpowers may have, either in sponsoring or suppressing revolts, seems less important and it weighs far less than internal conditions which are largely beyond our control.

I assume that we had nothing to do with recent developments in Chile in bringing about the coup, and if that is so, it is just one more illustration of how these events are out of control of the major powers.

All of these trends suggest that the world today is substantially less subject to control by major powers and hopefully less dangerous than the world we saw immediately after World War II.

I believe these conditions permit us to substantially scale down our presence and our capacity for intervening around the globe.

INTERNATIONAL BARGAINING VALUE OF MILITARY FORCES

Mr. Chairman, a second pressure which has attracted spending beyond what I believe to be the strict requirements of the national security is the premise that we have to build or maintain or deploy military forces strictly as bargaining chips; in other words, not so much because of any really felt military need, but because it is believed that they serve to strengthen the diplomatic hand of our diplomats at the conference table.

I think all of us welcome and encourage negotiations to resolve international disputes and to reduce tensions and to control arms. But it is also possible to place the process of negotiations ahead of their real purpose.

We must recognize that the soundest basis for arms reduction is not in a willingness to spend more extravagantly than the other side, but rather in a mutual recognition that extravagant spending serves neither side and only complicates the bargaining process.

We have, for example, applauded the fruits of SALT I, and I think with some cause. Yet in another sense I would suggest that in terms of what those agreements should have achieved, SALT I was a failure.

I think we and the world could have been spared the dramatic escalation of arms and overkill represented by the so-called MIRV system.

DEPLOYMENT OF GRAND FORKS, N. DAK., ABM SITE

Senator YOUNG. I note you state that the American people could have been spared the $5 billion cost of an antiballistic missile system for Grand Forks, N. Dak., which would have afforded no meaningful protection to anyone or anything, even if there had been no agreement.

First, as to the cost, the $5 billion represents all the research and development started 5 or 10 years ago.

Senator MCGOVERN. Yes; that is correct.

Senator YOUNG. You stop at the actual cost for that site which I think is more like $3½ billion.

Senator MCGOVERN. I think that is right, Senator.

Senator YOUNG. You believe that we could have reached an agreement with Russia to limit their ABM's if we had not built one ourselves?

Senator McGovern. I think that is our view. I think they were very foolish to proceed with an ABM system which we not only neutralized by simply adding to our striking force, but we actually put them in a more vulnerable position.

They would have been better off if they had never deployed that ABM system as far as their capacity to defend themselves.

So, for us to think that somehow we could pressure them into abandoning it by starting to build one of our own never made very much sense to me. I always felt the best way was to make sure we preserved our nuclear strike force so that we could overwhelm any kind of a defense they built, rather than to start out on a hopeless course of building what has been called a safeguard system against it.

Senator Young. I never did believe in the whole system, because it was too costly. I think I would have to disagree with you that the ABM site there would not be effective in destroying the incoming missiles. It would certainly give us full protection against anything that China could send against us.

Senator McGovern. Yes.

Senator Young. And most that Russia could send against us at the present time.

Senator McGovern. Well, I guess, Senator, my view has always been that as long as we have maintained the capacity to retaliate against a first strike with a devastating counterpunch, that is our best defense and the cheapest way to build a reliable deterrent.

I think the money we spend there is more fruitful than any attempt to defend ourselves by the Safeguard system or some similar system.

Senator Young. Thank you.

DEPLOYMENT OF POSEIDON AND MINUTEMAN III MISSILES

Senator McGovern. Last year I suggested an alternative military program with spending substantially below what was projected. I propose that it be phased in over a period of several years so we could, first of all, watch the reaction of the other side and respond with modifications, if necessary, and second, assure alternative jobs for the people and uses for the resources the military sector does no longer need.

LOSS OF JOBS FROM REDUCTION OF MILITARY INSTALLATIONS

Mr. Chairman, if I could just add to this parenthetically, the members of this committee will recall, I think, in one State after another a year ago I was assailed for jeopardizing the jobs of defense workers and people employed in military installations.

The truth is I made a pledge time after time that if the election had come out differently, within the limits of my influence I would not close down any installation until such time as we had some alternative blueprints in mind, not necessarily military blueprints, but alternative blueprints in mind to put those people to work.

I think it is very important that the whole Congress give attention to this question of what we are going to do to provide jobs in these communities where we may find it necessary to phase out some of our military programs.

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Senator PASTORE. Senator, could I interrupt you?

Senator MCGOVERN. Yes.

Senator PASTORE. I see a lot of merit to what you say, and I agree with you to a large extent. But philosophically as to whether or not we should have gone ahead with the Poseidon or MIRV, that, of course, is an imponderable. It is a debatable question. Either side could be right or could be wrong until something happens because, thank God, nothing has happened.

You say that we should be prepared to more or less respond to any improvements. I would like to hear your view on this. The Russians have developed a so-called delicate submarine that has a missile that goes 4,000 miles. Our own Poseidon can go only 3,000 miles.

Senator MCGOVERN. 4,500 miles.

Senator SYMINGTON. If you take off some of the warheads.

Senator PASTORE. That is the point. That is just the point I am making. We find under the agreement they may well have 62 subs and we will have 44. There are 16 missiles on each one of those subs. Even if you develop the Trident, in which you will have 24 tubes, the fact remains that the agreement calls for a limitation of missiles.

Now, the question is this. The only advantage that we had was our MIRV capability. In other words, if we didn't MIRV, then we had a bad deal on the 62 against the 44. You cannot go 4,500 miles even with the Poseidon unless you take some of the warheads off; otherwise, you cannot get the distance. These are the problems. Now what do we do?

Of course, anybody can argue that we are wasting money, because, thank God, there has not been a situation that would prove the need and capability one way or the other. It is like the man who buys fire insurance on his house. If he ends up without ever having a fire, he was foolish to buy the insurance. He could have saved all that money. But what if he did have a fire?

If a critical situation arose like, let's say, in October of 1962 in Cuba, I daresay that unless President Kennedy had the strength to back up his demands, I don't think Khrushchev would ever have turned back.

All of us know that much of what the Russians have been doing in the last few years is a result of the humiliation they suffered in 1962. They are never going to let that happen again.

I do not believe in overkill; I don't think we ought to spend any more than we should on defense. I might agree we ought to measure the threat better before we begin to start spending money foolishly. Yet I have been involved in this thing for a long, long time, and I really don't know the answer, and I don't think anybody has the answer. I think we are all guessing. A fellow who guesses one way could be just as right as the other fellow who guesses the other way until something happens. That is the dilemma that we are up against.

I quite agree there is a lot of waste in this budget. All you have to do is go through the Pentagon. You will fall all over people. You question sometimes why it is all necessary.

They have automobiles coming out of their ears, and maybe they have missiles coming out of their ears, I don't know. How we are ever

going to arrive at a proper answer, I don't know, because it is such a complex, complicated thing.

Senator, I hope you are right. I pray that you are right. If you are right, we can save a tremendous amount of money. But what if something did happen and we could not back our requirements up?

SCHOOL MILK AND LUNCH PROGRAMS

Senator McGovern. Well, Senator Pastore, If I could reply to that, I think it goes back to the question of what really constitutes national defense.

You know, if all the other departments of the Government had been smart enough to preempt that name "defense" before the Pentagon got it, maybe we would have an easier time trying to decide where cuts should be.

Now, I just finished testifying before Senator Allen's subcommittee, where we are fighting to try to restore a little money to the school milk program and the school lunch programs.

It does not cost very much money, but the increase in cost of food has knocked out about 800,000 children from the school lunch program this year.

That is the best estimate we can get of people who are going to fall by the wayside, not because the Congress has cut the money, but because the costs have gone up and these school budgets are hard pressed.

I remember some years ago the dean of the University of Georgia told me that he thought the school lunch program had done more to strengthen the development of Georgia than any other program, and I pressed him on that. Suddenly he said, "Well, it had been proved that good dietary habits build a healthier generation of young people."

He said it added to their muscle, their capacity to work, their capacity to fight for their country. He said, "I think an argument can be made that a good, strong guy is a healthy part of the defense of this country."

Now, here you are just talking about a few million.

Senator Pastore. I am all for the school lunch program.

Senator McGovern. I know. I don't have to sell you on that program.

CONSTRUCTION SLOWDOWN OF TRIDENT MISSILE AND NEW CARRIER

The point is: What if we were to slow down the construction of the Trident and hold down the new carrier? What I am suggesting in my testimony here is that we set the target date back a few years on the construction of both the Trident missile and the boat itself, not to stop it, but to set it back, postpone it a little bit, because the oldest Polaris and Poseidon boats are not going to be 25 years old until 1984. Most of them are serviceable, they are still a very powerful weapon. I don't frankly know all the military significance of this, but it is the fact that the Soviet Union is largely a land-locked country, and maybe they need a different configuration on their submarines more urgently than we do.

In any event, I am not asking us to abandon the Trident but simply to postpone it for a while, to slow down the timetable a little.

In my statement I point out where we can save $1¼ billion if we just slow down the timetable on it a few years.

METHODS FOR IMPLEMENTING DEFENSE BUDGET CUTS

Mr. Chairman, I have listed about ten ways here where I think the budget could be cut a total of more than $7 billion. I don't think I need to go into all those points.

I know Senator Symington is here to testify more eloquently and with greater expertise than I can on some of these same things, so maybe I should just insert the rest of my statement in the record.

In summary, what it calls for is a series of moves toward what I regard as modest reductions in military outlays, that would save at least $7 billion in the proposed budget.

Chairman McCLELLAN. This apparently shows $9 billion, nearly $10 billion.

Senator McGOVERN. Well, I was aiming at the $7 billion that the President had estimated we were going to exceed his budget, and I wanted to be sure that we had a range of cuts here that at least covered that much.

Chairman McCLELLAN. I understand that.

You point out specifically these 10 places where you think savings in the amount indicated can be made in this particular bill.

Senator McGOVERN. Yes; that is correct.

Chairman McCLELLAN. These are the specifics?

Senator McGOVERN. That is correct.

Chairman McCLELLAN. All right.

Any further questions?

Senator Young, any questions?

SAFEGUARD PROCUREMENT AND ABM RESEARCH AND DEVELOPMENT

Senator YOUNG. Just one.

You recommend, "Stop Safeguard procurement and limit ABM R. & D. to $150 million."

I was not aware that additional Safeguards for ABM installations were requested. Where do you get the $525 million, or is that to complete the one we have now? We certainly want to complete it after spending about $3 billion on it.

Senator McGOVERN. Well, it would stop any further procurement, Senator. My understanding is that if $150 million that I have suggested here were adopted, that falls about $525 million below the amount in the bill now before the committee.

Senator YOUNG. Would you stop the completion now when it is about 95 percent complete?

Senator McGOVERN. Yes; I would.

Senator YOUNG. That is an amazing conclusion to arrive at, after spending all this money, we should not go a little bit further to complete it.

Senator McGOVERN. Well, Senator, if I thought that system added anything to our security, I would say go ahead and finish it. But I think even when it is all finished and dedicated and the last coat of paint is put on it, it is not going to add to the security of this country. I don't think the system should have been built in the first place.

I feel very strongly about it, and feeling that way, I can't buy the argument that now that we have started it, we ought to complete it.

Senator YOUNG. The people in North Dakota had no objection to placing the Minuteman and the two big air bases there. I do believe they are entitled to protection, and they think they are getting some protection. I think the system will work.

PROPOSED PERSONNEL REDUCTION

Chairman MCCLELLAN. Let me ask you two or three questions about the active duty manpower item: $1,700 million reduction.

By how many men would that reduce the active personnel? You are suggesting a dollar figure reduction, but what would be the impact on the number of personnel?

Senator MCGOVERN. What it involves, Senator, is a phased cut over a 3-year period that would be a total reduction of 500,000 in personnel.

Chairman MCCLELLAN. 500,000 over a 3-year period?

Senator MCGOVERN. Yes, one-third cut each year totaling 500,000.

Chairman MCCLELLAN. Civilian manpower would be included accordingly, I guess.

MILITARY AID TO INDOCHINA

Let me ask you about cutting military aid and any military operations in Indochina. Would that affect military aid to Israel?

Senator MCGOVERN. No.

Chairman MCCLELLAN. Israel, no.

Senator MCGOVERN. If my memory is right, Mr. Chairman, there is another $900 million in military assistance in the foreign aid bill for Indochina. This would simply be part.

Chairman MCCLELLAN. I certainly agree with you on that.

POSTPONING DEVELOPMENT OF B–1 AIRCRAFT

Item No. 9 postpones the strategic bomber. Is that the B–1?

Senator MCGOVERN. Yes.

Chairman MCCLELLAN. Well, thank you very much, Senator.

Any other questions?

CANCELLATION OF AIRCRAFT CARRIER CONSTRUCTION

Senator YOUNG. Just one more question, Senator.

You would cancel the aircraft carrier that we are building now, with a 1974 savings of $657 million. I believe we have already spent about one-third of the cost of the aircraft carrier. It does not seem to me that we should stop it at this juncture. We have already spent $1,564 million on the three-carrier program. I imagine that Senator Symington will address this item.

Senator MCGOVERN. I think, Senator Young, although I don't have the figures in front of me, the figure you cite covers the total that we have spent on three carriers, but the third one that I am talking about that we ought to halt construction on, I think that one has just gotten under construction. CVN–70.

Senator YOUNG. Do we have figures on how much money we have invested?

Senator SYMINGTON. About $10 million at the end of the last fiscal year.

On the CVN–70 about $10 million has been spent; a lot more has been obligated.

Senator MCGOVERN. What is the total spending for all three of these carriers?

Senator YOUNG. $1,564 million.

Senator MCGOVERN. $1.5 billion for all three. Do you have a breakdown on what has been spent on the third one of that sequence of three?

Senator YOUNG. Not readily available. We will put it in the record.

FUNDING FOR CVN–70

Senator SYMINGTON. We are talking about the CVN–70.

Senator YOUNG. Yes.

Senator MCGOVERN. That is the one I am talking about, the CVN–70. That is the one I suggested we halt the construction on. I am sorry I don't have the figure.

Senator SYMINGTON. $299 million was appropriated last year, and we assume that is obligated.

Senator MCGOVERN. Here are the figures from the report.

"Funding in the amount of $299 million for construction of long lead-time components for CVN–70 was authorized and appropriated last year, $299 million has been obligated, and these needed components primarily for the nuclear propulsion plant are in their manufacturing process. For fiscal year 1974 the committee recommends completion of CVN–70 in the amount of $657 million."

It is that, that I am recommending the committee reconsider.

Chairman MCCLELLAN. Gentlemen, is there anything further?

Thank you, Senator McGovern.

Senator MCGOVERN. Thank you very much, Mr. Chairman and members of the committee.

[At this point the subcommittee went into secret session.]

CVN–70 FUNDING

[The justification material on funding for the CVN–70 follows:]

FY 1974 PRESIDENT'S BUDGET ESTIMATE
SHIP DATA SHEET

SERVICE: Navy

P-1 LINE ITEM: 9, 10
POPULAR NAME: CVN-70

NOMENCLATURE: Carrier, Aircraft, Nuclear

DESCRIPTION: The CVN-70 is a repeat NIMITZ Class aircraft carrier propelled by a nuclear power plant having 2 reactors. The estimated total ship manning is 5,722 (463 officers and 5,259 enlisted). Length overall is 1092' with maximum flight deck width of 252'. Waterline length/beam is 1040'/134'.

MISSION: To operate aircraft and engage in attacks on targets at sea and ashore, As an all purpose carrier, the at sea targets will include those submerged as well as afloat.

COST DATA: ($ Millions)

	FY 1971 & Prior	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	Cost to Complete	Current Estimate Total Program
Procurement - Qty	2	0	0	1	0	0	0	0	0	3
Cost	1101.4	0	0	956.0	0	0	0	0	0	2057.4
Less: Adv Proc. P.Y.	134.8	0	0	299.0	0	0	0	0	0	433.8
Net	966.6	0	0	657.0	0	0	0	0	0	1623.6
Add: Adv Proc. C.Y.	134.8	0	299.0	0	0	0	0	0	0	433.8
Weapons System Cost	1101.4	0	299.0	657.0	0	0	0	0	0	2057.4
Cost Growth/Escalation	0	103.5	56.2	52.7*	0	0	0	0	0	212.4
Outfitting/Post Delivery	0	.4	3.7	11.4	8.5	0	.5	1.0	14.5	40.0
Procurement Cost	1101.4	103.9	358.9	721.1	8.5	0	.5	1.0	14.5	2309.8
Procurement Unit Cost										770.0
RDT&E										
MILCON										
Program Acquisition Cost	1101.4	103.9	358.9	721.1	8.5	0	.5	1.0	14.5	2309.8
Program Unit Cost										770.0
Initial Nuclear Spares	108.0	0	0	0	0	0	0	0	0	108.0
AEC Costs (non-add)	184.2	30.9	29.1	25.1	21.5	18.5	18.5	18.0	-	

* - Escalation on CVAN 68/69

STATEMENT OF HON. STUART SYMINGTON, U.S. SENATOR FROM MISSOURI

BUDGET REQUEST

Chairman McCLELLAN. Senator Symington.

Senator SYMINGTON. Mr. Chairman, I am responsible for the conclusions, the committee staff is responsible for the facts.

Could I ask that Mr. Braswell and Mr. Woolsey sit with me?

Chairman McCLELLAN. Come around, gentlemen.

Senator Symington, I notice that you have a prepared statement.

Senator SYMINGTON. Yes.

Chairman McCLELLAN. And quite lengthy.

Senator SYMINGTON. Yes.

Chairman McCLELLAN. Do you wish to read it?

Senator SYMINGTON. If I may.

Chairman McCLELLAN. Proceed.

Senator SYMINGTON. First, I thank you for permitting me time to attend the funeral of a friend this morning.

Mr. Chairman and members of the committee, thank you for inviting me to testify on this fiscal year 1974 defense appropriations bill.

In some ways this bill is as important as any to be considered by the Congress this year; and your decisions with respect to it can only be fundamental to the true national security of the United States.

I premise these remarks by assuring the committee of what I believe they already know, namely, that I am as anxious as anyone to see America so strong no one will ever attack us.

MEANING OF NATIONAL SECURITY

With that premise, let me respectfully present what the term "national security" means to me.

As I see it, true national security has three component parts:

First, our ability to destroy any aggressor; and certainly on our part that he knows we can do so.

In this category we are in excellent shape; and it is vital we remain so.

Second, a sound economy, with a sound dollar. As everyone knows, in this category our position has deteriorated and continues to deteriorate.

Third, credibility, the faith of the people in their Government and the system. It is no secret that recently this faith has not improved.

Those who hold the view that national security can be gaged almost entirely by the amount expended for new weapons systems neglect those two other important integral parts of true national security; and I believe, when they do so, they undermine both the Nation's economic position and the moral support of the people for defense measures that are really needed.

As I see it, there can be no more dangerous assumption than a policy based on a conviction that this Nation continues to have unlimited resources.

If we do not recognize, now, that our resources are becoming increasingly limited, and impose a sense of discipline on such institutions as our armed services, not only are we certain to damage our economy,

but we will also further reduce the people's confidence in Government.

The people know taxes are high and can only go higher. They know of the steady increase in prices. They know the President is emphasizing that the wars are over. But they also know we are being asked, this year, to spend many billions of dollars more for defense.

There are many reasons why we now have a condition unprecedented in the economic history of our country—continued unemployment at the same time we face continuing inflation, high-interest rates, and sharp devaluations of the dollar.

DEFENSE EXPENDITURES

One reason is the subject in which we are interested today—defense expenditures; and all expenditures become more important as we note high-interest rates preventing young families from buying a home, the dollar declining 55 percent against the German mark in less than 2 years, and eggs selling in the supermarket at $1 a dozen. When our citizens go to the supermarket, actually they could think they were going to the cleaners.

Careless and prodigal military spending has actually harmed our defense programs, wasted money on ships and planes and tanks. Billions upon billions of dollars of weapons programs have been scrapped because of drawing board theories later proved to be wrong either before or shortly after said weapons were put into production.

COST OF ABANDONED WEAPONS SYSTEMS

On March 7, 1969, I placed a chart into the record which showed the total investment cost for abandoned missile systems alone either before or just after they were deployed. This total came to $23.053 billion.

If this figure is updated to include later weapon systems subsequently cancelled or deployed in such small numbers as to be useless militarily—the Cheyenne helicopter, the MBT–70 tank, Safeguard ABM system and others—the total would be many billions of dollars more. I plan to place the additional amount in the record as soon as it is compiled.

Those who are able to force violations of good industrial practice so as to rush into production new weapons—such as the TFX, Cheyenne and C–5A—later find it impossible to impose the shop requirements needed for efficiency and economy; in fact, some would appear to welcome a lack of normal shop discipline. It covers mistakes, and in that way creates a justification for cost overruns, and we pay a normal profit on those overruns.

In its extreme form, this frame of mind produces a curious kind of backward reasoning. Instead of beginning with an accurate view of potential enemy capabilities, and deriving from that a requirement for America's defense needs, then buying what is needed with maximum efficiency, these "rushers" start with a need to spend money in order to show resolve, work backward to the need for a new and even more expensive weapon system, then concoct the threat to justify the always expensive, and often unnecessary, program in question.

RECOMMENDATIONS OF SENATE COMMITTEE ON ARMED SERVICES

The Armed Services Committee, of which at the request of Chairman Stennis I have been serving as acting chairman, reported last Thursday the annual defense authorization bill.

The committee recommended a reduction of $1.511 billion in research and development and procurement, and 156,100 in active duty military manpower slots.

These reductions would appear both prudent and justified; and I earnestly solicit your support for them.

After said reductions, the figure is less than $3 million above the bill that has already been passed by the House.

In additional areas the committee, at times by a majority vote of one, failed to make certain reductions which to me are not only justifiable but necessary if we are to have: (1) a strong and disciplined defense program, (2) a strong economy, and (3) public support for what is necessary.

MANPOWER

The committee recommended unanimously a reduction in the active Armed Forces of 156,100 below the original request of the Defense Department; a reduction of but 7 percent at the end of a long and expensive war.

As we know, today defense manpower cost consumes about 56 percent of the total defense budget; and if various indirect costs such as medical programs and housing construction are included, the figure approaches two-thirds. (Reports presented to the committee estimate the Soviets spend from one-fourth to one-third of their defense budget on manpower.)

Primarily because of manpower cost increases, next year this country will be facing an overall Defense Department appropriation request of close to $90 billion; well over $100 billion before the end of this decade.

There are but two basic ways to reduce manpower costs. One is to reduce the number of people, the other to reduce the cost per man.

With respect to cost per man, the Armed Services Committee is currently reviewing much of its basic personnel, grade structure, and retirement legislation; and proposals from the Department of Defense have been promised with respect to the over $13 billion of annual cost of the civilians currently in the Defense Department.

This basic and complex legislation must be restructured if there is to be any significant reduction in the cost per man.

I would like Chairman McClellan to hear that figure. Over $13 billion. I might add that there are civilians who receive between $27,000 and $36,000 a year in salary—7,300.

This basic and complex legislation must be restructured if there is to be any significant reduction in the cost per man; so let us hope that a number of fundamental reforms are approved before the end of this Congress. Unfortunately, however, the process of changing such legislation—affecting military force structure through changed retirement incentives, adjusted ratios of officers to enlisted men, and so forth—takes time.

In the short run there is but one remedy: to reduce the number of bodies in the armed forces. This summer the committee studied the issue

carefully, and thereupon recommended this 7 percent overall reduction, to be apportioned between the various services and defense functions as deemed best by the Secretary of Defense.

ALL VOLUNTEER FORCE

An issue that can only bear significantly on cost, which was considered by the committee in recommending the above reduction, is the difficulty the services are experiencing in reaching their recruiting goals for the All Volunteer Force.

Last July 28 the Secretary of the Army announced that the Army was falling short of its recruiting goals by almost 2,000 men per month; and the Army was already about 14,000 short of its planned strength as of the end of fiscal year 1973. To a lesser extent, the Navy and Marine Corps are also falling short in their recruiting.

If the Army is not reduced from the level initially requested by the Department of Defense, it will need 41,000 more volunteers in fiscal year 1974 than it received in fiscal year 1973—a 27-percent increase. Statistics like these make it difficult to understand why a moderate 7-percent manpower reduction is called "folly" or "staggering and unacceptable."

Chairman McCLELLAN. Senator, would you yield?

Does that mean our volunteer program is not working?

Senator SYMINGTON. That would be my conclusion, Mr. Chairman.

Chairman McCLELLAN. Proceed.

Senator SYMINGTON. As its report on the authorization bill makes clear—before reading that, two things that interested me first in the testimony that came up about the question of the Volunteer Army was that the amount of money was not the important situation, the people just didn't want to go to the Army under these circumstances. I thought that very interesting. When I went in the Army I got $17 a month; today a man goes in at $340 a month. The testimony was that it was not just money and that worried me a lot.

Chairman McCLELLAN. What is it?

Senator SYMINGTON. I think it is just a disinclination to go into the Armed Forces under the present conditions.

Chairman McCLELLAN. How can we improve conditions then that would make it conducive to enlisting? We have given them a fair wage. I think we have tried to give them more modern weapons. What is that other factor?

Senator SYMINGTON. That is a good point, Mr. Chairman.

Chairman McCLELLAN. We have discussed with the services the recruiting problem.

Senator SYMINGTON. The Secretary of the Army testified that they reduced the 70–30 ratio for the Army, 70 high school graduates to 30 nonhigh school. They reduced that to 50–50, but it still does not seem to take hold. So it is my personal opinion that in due course we will have to go back to something like the draft.

Chairman McCLELLAN. I am beginning to wonder whether the Voluntary Army is going to be successful, and whether we can have an adequate military strength under the volunteer system.

Senator SYMINGTON. My distinguished chairman and I have had interest in this for some time.

Senator STENNIS. I ask if you would yield to me to make a statement.

Senator SYMINGTON. Yes.

Senator STENNIS. I have recently visited and talked in privacy to over 200 of these GI's in all four of the services. I wanted to make a little preliminary report to you on that. I am satisfied that the military has not had time to try fully to implement this All-Volunteer concept, and may not be inclined to give it a full test. I favor giving them 2 years minimum in which it would be up to them to try the system exhaustively.

Chairman MCCLELLAN. I was particularly interested in trying to get some definitive answers as to why individuals don't want to enroll in the Army under the present conditions. What are the conditions that are repulsive or discouraging to them? What do we mean by "conditions"?

"NO-WIN" WAR COMPLEX

Senator SYMINGTON. My honest opinion, I would say it is the "no win" war complex, including Korea.

Chairman MCCLELLAN. I think we make an awful blunder when we go into a war and don't try to win it. I think it is destructive to the quality of loyalty and dedication to a country that is essential to the highest order of patriotism. When we go into a war and do not try to win and fight it as we did the Vietnam war, I believe it has a deep impact on the morale and the attitude of the citizen with respect to volunteering his life to defend his country.

Senator SYMINGTON. Mr. Braswell points out one out of every three qualified high school graduates must volunteer even under the new rule, and there is no chance whatever.

Senator YOUNG. Isn't there another factor involved? I note there is a disproportionate percentage of blacks going into the service, which would indicate that maybe the lower income people are enlisting and that income may have something to do with it.

Senator SYMINGTON. I think 35 percent volunteer, Senator Young.

Chairman MCCLELLAN. Let's proceed.

MANPOWER MANAGEMENT: SUPPORT FORCES REDUCTIONS

Senator SYMINGTON. As its report on the authorization bill makes clear, the committee recommends that the Secretary take virtually all the proposed 7 percent reduction from support forces rather than from combat forces. Areas such as headquarters, base operating support, communications and intelligence, certain enlisted aides, and other categories provide ample opportunity for reduction without cutting into necessary combat forces.

Chairman MCCLELLAN. Let me ask you at that point if we are not able to secure the men for the different services, if we fall behind in recruitment, won't we automatically reach this 7 percent reduction in short order without legislating a reduction?

Senator SYMINGTON. No comment, Mr. Chairman.

Chairman MCCLELLAN. Well, the number is going down.

Senator SYMINGTON. That is right.

Chairman MCCLELLAN. We are going to reach the 7 percent reduction automatically very soon.

Senator SYMINGTON. That is right.

It is interesting to note that, immediately following the committee's favorable recommendation on these reductions, we received a letter from the Navy which stated, in effect, that any reductions in the Navy would have to be taken from combat forces rather than from support forces; and that this relatively modest personnel reduction proposed by the committee would "take the U.S. Navy effectively out of competition with the Soviet Union for maritime power and make the interests of the U.S. hostage to Soviet good will."

I might add, Mr. Chairman, at this point we cut the Army 9 percent, Navy 6 percent, and Air Force 8.1 percent, and Marine staff recommendations, but then the committee suggested that we leave it in the hands of the Secretary of Defense and in order to get a unanimous position, I accepted that.

This reaction would appear to be a perfect case study of what is basically wrong with the attitude toward manpower management that is presently characteristic of the thinking in the Department of Defense. Actually, the Navy is increasing its request for support manpower between the fiscal years 1973 and 1974, but at the same time reducing both its number of ships and its overall manpower.

Extraordinarily sharp manpower cost increases—the cost per man has doubled since 1967—and increasing recruiting difficulties as the result of the introduction of the all-volunteer force, both nail down the fact that military manpower management cannot protect fat at the expense of muscle.

For a more detailed discussion of manpower issues, may we respectfully recommend reading pages 129–151 of the Armed Services Committee report of this year on the authorization bill.

It was the unanimous opinion of the committee that its recommended manpower reductions were sound; and we earnestly hope for reductions in the appropriations bill that are commensurate with this unanimous recommendation.

TRIDENT SUBMARINE

I turn now, Mr. Chairman and members, from a subject where we believe the committee's decision was right to one where many committee members believe it was wrong; in fact, our position lost by the narrowest of margins, one vote.

The recent history of the Trident submarine program deserves some detailing, because it is an excellent case study in unbusinesslike, extravagant, and wasteful military spending.

As late as September 1971, the Defense Department had an orderly businesslike program for modernization of the Navy's underwater missile submarine fleet. As needed, the Trident I missile (formerly called Extended-Range Poseidon or EXPO) was to be developed and fitted into Poseidon submarines.

Because of its 1,500 mile greater range as compared to the Poseidon, it was estimated that the Trident would provide a significant increase in the ocean area within which U.S. submarines could operate while on station. The unprecedently expensive Trident submarine—each costing a half billion dollars (not millions, billions) more than the previously most expensive ship in world history, the latest nuclear

carrier—and the planned Trident II missile were to be delayed until the early 1980's.

Without commitment, they were to be considered as possible later replacements for the Polaris/Poseidon submarine.

ACCELERATED TRIDENT PRODUCTION PROGRAM

Last year, however, for reasons we have never been able to fully understand, a lobbying effort, the most intense in my 28 years in Government, was undertaken; and thereupon normal, businesslike order in the Trident planned production program went out the window.

A sensible orderly Trident program was altered to combine procurement with development, apparently in order that this submarine could be operable in 1978 rather than 2 or 3 years later.

From the standpoint of good shop practice, consider the fact that under this accelerated product in program, all 10 Trident submarines will be funded and under construction before the first one is completed, and as a shopman in private industry this is the most incredible thing that I have ever seen.

This extraordinary shift in production planning is exactly opposite to the "fly-before-buy" program concept this administration once consistently emphasized would be its policy as the result of the tragic multibillion dollar waste they found was characteristic of various ship, plane, and tank programs.

Nevertheless an effort is now being made by the Defense Department to justify this accelerated Trident program on various grounds, including the following: Tridents would eventually replace the aging Polaris/Poseidon submarines; would provide for U.S. basing of ballistic missile submarines; would provide an increased submarine operating area as a hedge against possible Soviet breakthroughs in antisubmarine warfare, and would support future SALT negotiations.

Taking up these assertions in order, the Defense Department itself, as well as other witnesses before the Armed Services Committee, have established that the Polaris/Poseidon submarines, with a design life of 20 years, may be suitable for operation up to 25 years—outside experts have estimated 30 years. Since the oldest submarine will not reach even 20 years of age before 1979 there is no justification whatever to accelerate this program because of aging.

PRODUCTION PRIOR TO DEVELOPMENT

Chairman McCLELLAN. Senator, would you yield in order for me to get one point clear?

Senator SYMINGTON. Yes.

Chairman McCLELLAN. There was some question here a while ago—I think when Senator McGovern or Senator Goldwater was testifying—about whether you opposed the program or you were only emphasizing your support of the stretchout.

Senator SYMINGTON. Oh, Mr. Chairman, we have never opposed it. What we didn't like to do was to do exactly the same thing that the Chair knows a lot about, based on the TFX situation, to put something into production before you completed the development.

Chairman McCLELLAN. On that I agree with you 1,000 percent. It is just that a question arose here. It seems what really is at issue, and

the only thing that is at issue about the Trident, is whether you plan to complete the planned program over a 12-year period or a 10-year period or an 8-year period.

Senator SYMINGTON. That is certainly the main issue but I present this to you: Why is the submarine the greatest strategic weapon we have? Answer, its capacity to disperse. The newest Soviet submarines have 12 launchers. The Polaris/Poseidon has 16, and the Trident has 24. So from a standpoint of strategic aspect of this whole situation of defending our country, which do we want—more launchers with less submarines or more submarines with less launchers.

Chairman MCCLELLAN. That is the issue. If you support the Trident, then you favor more launchers and fewer submarines.

Senator SYMINGTON. That is right.

Chairman MCCLELLAN. Is that sound?

Senator SYMINGTON. I personally don't think so. I think the Russians and the antisubmarine class have gone the right way but that is not the issue here. The issue here is go ahead and complete the Trident and don't let the tremendous lobby led by Zumwalt and Rickover force you into production, especially after our tragic experiences, before you complete your prototype. That is the only argument.

Chairman MCCLELLAN. That has been my position for quite a number of years.

Senator SYMINGTON. I am not a military expert but on shop practice I feel exactly the same way on this program as you would feel as a lawyer or a judge when you see a miscarriage of justice, because this is the taxpayers' money that is being used.

Chairman MCCLELLAN. The impact of the cost of expediting the program is one of the persuasive arguments used against it. But constantly increasing costs is not a sufficiently arbitrary offset, in my judgment. Actually, the increase in costs should be a factor in considering the implementation of many of these weapon systems.

Senator SYMINGTON. That is right.

Chairman MCCLELLAN. Once you know that, you have your R. & D. work completed satisfactorily.

Chairman MCCLELLAN. Yes.

BACKFITING OF TRIDENT I MISSILE INTO POLARIS/POSEIDON

Senator SYMINGTON. Because the Trident I missile can have a range of 4,500 miles by backfiting it into Polaris/Poseidon submarines, these Polaris/Poseidon submarines, with the missile in question, could also be based in the United States.

Backfiting the Trident missile into Polaris/Poseidon submarines would provide an increase in ocean operating area because the long-range Trident I missiles are what increase the operating area, not the unprecedentedly expensive new submarines. Furthermore, the Director of Defense Advanced Research Projects Agency has testified that the patrol area would increase sufficiently with Trident I missiles to pose immediate additional problems for any antisubmarine warfare sensor that can now be conceived.

The previous program would constitute practical and imposing evidence to the Soviets that the United States was developing an orderly replacement for the Polaris/Poseidon fleet. We do not add to our

"bargaining chips" by pursuing a hurried and therefore premature schedule which ultimately could well bring damage to the entire submarine replacement program.

Purely technical considerations, such as objections to putting all our nuclear eggs in a relatively very few underwater baskets, would dictate the production of submarines designed more on the order of the latest Soviet submarines. The latter have 12 launchers, as against 16 for the Poseidon and 24 for the Trident.

For national security, which do we want: a few large submarines, each with many launchers, or more smaller submarines, each with fewer launchers?

Chairman McCLELLAN. Which would you advocate as of now, based on what our problem is and the present status of it?

VALUE OF NUCLEAR SUBMARINE PROGRAM

Senator SYMINGTON. Mr. Chairman, based on my knowledge of the situation I think the nuclear submarine is the greatest strategic weapon in the world today. I am saying that as a former Air Secretary, but I think that the more submarines you have, the greater the chance of having some that cannot be caught in case of an attack.

Chairman McCLELLAN. Well, would you advocate stopping the Trident submarine program now and going back to more submarines with fewer launchers on them?

Senator SYMINGTON. No; Mr. Chairman, but I would like to see the Trident submarine completed and tested as the art continues to be studied. I think putting up money to build all 10 before 1 is done is incredible.

Chairman McCLELLAN. I am trying to understand your position.

Senator SYMINGTON. Yes. I appreciate your interest.

Chairman McCLELLAN. You are not opposed to building and testing a Trident submarine in order to determine its capabilities. That is your position?

Senator SYMINGTON. Yes.

Chairman McCLELLAN. In other words, to have proven them.

Senator SYMINGTON. That is right, Mr. Chairman. I base that on our experience on the TFX, on the C–5A.

Chairman McCLELLAN. I wanted to get it clear in my mind.

Senator SYMINGTON. Yes.

Chairman McCLELLAN. Proceed.

STUDY OF PROPOSED TRIDENT ACCELERATION PROGRAM

Senator SYMINGTON. A thorough study of this proposed acceleration was undertaken last year by the Research and Development Subcommittee of the Committee on Armed Services—the only detailed study made by any committee of the Senate.

For the reasons given, the facts uncovered by their investigation supported the logic of an orderly program similar to the September 1971 Defense Department position.

The orderly program, however, was rejected by the full committee, as the result of a tie vote.

This year, the Research and Development Subcommittee recommended by a unanimous vote of the Senators present, going back to a

program similar to the September 1971 DOD Trident schedule, at a saving this year of $885.4 million; and on the first vote last August 1 the position of the subcommittee was supported by the full committee 8 to 7.

Later I was informed a Senator had changed his mind; therefore the vote on Trident should not be considered final. Accordingly, still later, the committee voted 8 to 7 against the unanimous subcommittee recommendation, and approved both the acceleration and the total amount of money that had been requested by the Department of Defense.

SUBCOMMITTEE RECOMMENDATION FOR TRIDENT PROGRAM

The subcommittee had recommended $642 million for this Trident program for fiscal year 1974, but the full committee voted the full request of the Defense Department, $1,527.4 million.

It is our understanding that the chairman of the subcommittee, Senator McIntyre, who with his very able staff has gotten into this matter in detail, plans to introduce an amendment to reduce this $1,527.4 million to the subcommittee's position of $642 million.

This amendment would delay the initial operating date for the lead submarine from 1978 to 1980. Such a revised funding level would also permit a speedup in the program to fit Poseidon submarines with the Trident missile.

That valuable and relatively inexpensive hedge against Soviet anti-submarine warfare improvements was deliberately slowed down by the Defense Department, at the same time the far more expensive new submarine, Trident, was accelerated.

I believe the unanimous position of the Research and Development Subcommittee—again, the only Senate committee to study the matter in depth—is a sensible and prudent alternative to the wasteful, hurried, concurrent program successfully lobbied for by the Department of Defense after the subcommittee had made its report.

In the interest of sound business management, I urge adoption of the McIntyre amendment.

SAM–D MISSILE SYSTEM

Another major program where the full committee's recommendation involves unnecessary expenditures is the full-scale development of the SAM–D surface-to-air missile. The cost of that program this year will be $194.2 million, a further major step toward what ultimately will be another multibillion dollar program, estimated around $5 billion.

Chairman McCLELLAN. I think that is the program Senator Bayh testified to.

Senator SYMINGTON. Yes, sir.

Chairman McCLELLAN. All right.

Senator SYMINGTON. As was true of the famous and now abandoned ABM system—abandoned at a cost already to the taxpayers of $5.1 billion—SAM–D has been a system in search of a mission.

This system was conceived originally to be, in part, a limited type of ABM, particularly for defense against tactical nuclear weapons. That explains some of its technical features, features which are now

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less than desirable for its current mission, a field-deployed missile system designed to protect troops from attacking aircraft.

For several years SAM–D appeared to have been given a strategic air defense role, protecting the continental United States from bomber attack. Recently, however, this rationale has been fading into the shadows; and sensibly so.

Strategic bomber defense by means of a sophisticated surface-to-air missile is difficult to justify, especially in that we have decided not to deploy an ABM system in effort to defend the continental United States against strategic missiles. There is some justification for maintaining limited air defenses to protect our air space from unauthorized intrusions, but modern manned fighter interceptors could handle such a need far more effectively.

The SAM–D program is one more illustration of the problems of concurrency and misdirected technical capabilities that have been characteristic of so many weapon system failures.

CAPABILITY OF SAM–D MISSILE

Chairman McCLELLAN. Senator, was it a comparable weapon that was used by the North Vietnamese in shooting down so many of our planes?

Senator SYMINGTON. Well, Mr. Chairman, that was a SAM missile.

Chairman McCLELLAN. Was it comparable to this one?

Senator SYMINGTON. I would not say so, Senator.

Yes, it was effective. I think it was more in the Ajax/Hercules type. It had nothing of the complexity of this missile.

Chairman McCLELLAN. Well, why would it not be a good weapon for us? I am not nitpicking here: I am trying to get the fundamentals.

Senator SYMINGTON. I think it is a good question.

This SAM–D is very complicated. It will not be used in the United States. It will be used in Europe and yet the Europeans won't touch it, they won't put up a nickel for it. They say it is too complex and they don't like it and they won't put up any money to build it.

Chairman McCLELLAN. You may have good points, I am just trying to make this record.

HAWK MISSILE

Senator SYMINGTON. I think the Hawk is doing as good a job—the modern Hawk—as a SAM–D, and it would be done at a very great deal less money. It defends against the kind of a war that as I see it would never come in Germany and even less in the United States, that is, a war like the North Vietnamese war. Two important technical features of this system, the guidance system and the fusing, are not scheduled for flight testing until late in its development program.

The capability to track and fire several missiles simultaneously, a holdover from its early days as a partial ABM, is not as important in any air defense as a rapid-reload capability; and the reload capability of the SAM–D is considerably slower than that of the improved Hawk missiles it is intended to replace.

I think that answers part of the point you made, Mr. Chairman.

Chairman McCLELLAN. All right.

SAM–D MISSILE: NONPARTICIPATION IN DEVELOPMENT BY ALLIES

Senator SYMINGTON. Since the primary mission of the proposed SAM–D is to protect troops in the field in such high-threat areas such as Europe, it would seem plausible, if such a system is desirable in Europe, that our allies would either (1) participate in the costly development, or (2) consider similar systems. They are doing neither, because, we are told, they consider the system too complex and too expensive.

Chairman MCCLELLAN. Would they participate in the cost of other weapons that we provide for them?

Senator SYMINGTON. Well, there have been some deals in fighter planes that I know about, Mr. Chairman, therefore sometimes it seems that they do. If you will remember, we made a deal that they would buy so much from us but then they changed their mind and said "We won't do that, we won't buy any weapons from you; we will buy your bonds."

That is when Senator Mansfield made a speech and stated: Inasmuch as the bonds pay interest, in other words, we are going to pay them to defend them.

FAILURE OF NATO MEMBERS TO CARRY SHARE OF LOAD

Chairman MCCLELLAN. I have been very unhappy about the European situation and NATO for a number of years, because I think we are spending more than our share and I don't know that they have really shared the cost of anything.

Senator SYMINGTON. I could not agree more.

I recommend this funding for this program be terminated before we get so far into its development that, once again, we will hear the old familiar argument that we cannot afford to cancel because we have already spent so much.

RESULT OF SAM–D ISSUE IN COMMITTEE

Senator STENNIS. Would you yield so I can bring myself up to date?

Was this SAM–D issue voted on in the committee?

Senator SYMINGTON. It was voted on and the recommendation to delete funds was defeated 9–5.

Senator STENNIS. Of what was it composed?

This is a very important matter, Mr. Chairman, to me, and I want to catch up on it.

Senator SYMINGTON. I voted to delete the funds but that proposal lost.

Chairman MCCLELLAN. It has been authorized?

Senator SYMINGTON. Yes.

Senator STENNIS. Mr. Chairman, let me say this is a mighty important matter. It is a very expensive ground-to-air missile. I have been concerned about it ever since I became chairman. But after hearing all the evidence, I have never been for terminating it. Our committee made some headway in reducing the program as far as the number that they were planning to buy is concerned. I believe it is almost by half. Didn't we cut their planned program almost in half? Do you remember anything on that?

Mr. BRASWELL. Yes.

Senator STENNIS. Anyway, it goes to a fundamental here. I just wanted to make the point that we considered it every year, I believe.

CONTINENTAL DEFENSE THEORY ABANDONED

Senator SYMINGTON. I think that is true, Mr. Chairman. We abandoned this idea of a continental defense and when we did that we (a) made it primarily the defense of Europe and (b) we cut the quantity down that we needed, which automatically very much increased the unit cost.

Senator STENNIS. I don't think of it in terms of continental defense, although it might have helped a little bit.

Senator SYMINGTON. Yes.

Senator STENNIS. Thank you. That is all.

MILITARY AID TO SOUTHEAST ASIA

Senator SYMINGTON. In 1966, as a result of heavy escalation of the Vietnam war, certain military aid to Southeast Asia began to be channeled through the Defense budget rather than through the normal military assistance program; and this method of military aid still continues for two Southeast Asia countries, South Vietnam and Laos. That is true even though the original justification—an integral logistics system for America, South Vietnamese and Laotian forces—ended during the last fiscal year.

This year the administration has requested an authorization of $1.6 million, plus an appropriation of $1.185 billion, for military aid to South Vietnam and Laos. These funds should have been requested as part of the normal military aid appropriation that is reviewed by the Foreign Relations Committee.

The Foreign Military Sales and Assistance Act passed the Senate June 26th of this year. This act stipulates that the funding of military aid for the two countries in question be returned to normal military aid channels; and after studying the matter, as a member of both committees, I agree with the approved legislation.

The view of the Armed Services Committee, however, was that, at least for fiscal year 1974, military aid funds for Laos and Vietnam should remain in the Defense budget; and the committee recommended a reduction in the $1.6 billion authorization request to $952 million.

As but one indication of the lack of any real control over these funds to Vietnam and Laos it has never been possible for the Armed Services Committee to find out just what share of said funds are spent in each of these two countries for specific goods and services. Staff analysis indicates, however, that approximately $300 million of the $925 million would be used to pay South Vietnamese and Laotian soldiers, for rations and petroleum supplies.

Whatever arguments could be made about the need for ammunition and weapon modernization during wartime, how in the name of commonsense can we rationalize continuing to pay the salaries of South Vietnamese and Laotian troops, or heavy cost for food and fuel, especially in fact of the now all too well known shortages in this country?

Is not a country's national resolve demonstrated by its willingness to pay its own armed services?

Perhaps some of the funds approved through other channels for the purchase of consumer goods in Laos and South Vietnam—money of the U.S. taxpayer—could be used, by them, to purchase military rations and gasoline.

F–14 AIRCRAFT

This year the committee approved a reduction of $505.4 million in the F–14 program, leaving $197.6 million of the $703 million requested by the Department of Defense. This recommendation appeared an important step in the effort of Congress to obtain some control over this aircraft program.

It is our understanding the Navy and contractor have now reached contract agreement. Apprehensive about this possible "bailout," we look forward to noting the details of any contract agreement, especially in that costs of the plane have been accelerating sharply, the contractor is both behind schedule and in financial difficulty.

When before the committee last April 1, the Commandant of the Marine Corps testified "At the present time I prefer the F–4J with maneuvering slate * * * I do not need the F–1 because the price has gone up to where in my opinion the Marine Corps cannot afford them." At this hearing, however, the Chief of Naval Operations emphasized the importance of the F–14 to joint Navy-Marine operations. And it was clear once again it was a difference of opinion between the Chief of Naval Operations and the Commandant of the Marine Corps.

Subsequently, as F–14 difficulties mounted, and the Navy apparently realized the growing damage incident to the steadily mounting cost, every effort was made to increase the number of aircraft, so as to reduce, at least in theory, the unit cost.

Thereupon, on June 19, or a couple of months later, the Secretary of the Navy testified that he, the Chief of Naval Operations, and the Commandant of the Marine Corps had developed a "mutual opinion that a common fighter should be produced and procured at this time for both services."

The Chief of Naval Operations developed a rather novel scenario to match this need. Aircraft carriers would leave the Marines at the beach to go fight at sea. This, they say, would require the Marines to have F–14's so as to protect the beachheads from sophisticated threats for which they also say only the F–14 would have the proper characteristics.

This again illustrates the backward reasoning discussed earlier; namely, Defense knows there is need for more money—in this case so as to keep a contractor in business; so a threat is developed which would justify putting up the additional money for the weapons in question. As a result of this type of reasoning, we are now left with a supposedly lean and mean Marine Corps—the service which prides itself on austerity—planning to hit the beach with the most complicated of all fighter planes, a plane it is now clear will cost somewhere between $20 million and $30 million apiece.

Chairman McCLELLAN. Senator, would you favor abandoning this F–14 program completely?

Senator SYMINGTON. I would, yes, Mr. Chairman.

May I proceed, sir?

Chairman McCLELLAN. Oh, surely. I gathered that from your testimony.

Senator YOUNG. Could I ask one question?
Chairman MCCLELLAN. Yes.

PHASING OUT THE NORTH DAKOTA ABM SITE

Senator YOUNG. Earlier, Senator McGovern testified that he wanted to phase out the ABM. He would not complete it at all. There is a little left to be done. Would you favor——

Senator SYMINGTON. No; I would favor completing that experimental station. Now that we are in this situation, let's get one site and have it the way it is supposed to be.

Being in business as a manufacturer over a period of years in my life it is just incredible to me that they go ahead with production before they have completed development.

Now, the concept of Grand Forks to me is what will this do when it is built. I would want to see it built especially because of the billions that have been expended in the program and then decide what to do from there on.

STRATEGIC BOMBERS

Turning to strategic bombers, this year the Department of Defense requested $473.5 million to continue the development of the B–1 strategic bomber; but, recognizing difficulties have also developed in the new plane, the committee recommended a reduction of $100 million in the program.

Last April the committee received testimony from the Air Force that there were no difficulties in the B–1 program. Three months later, however, July 12, the committee was informed that serious problems have developed in the B–1 design, therefore, certain production decisions would have to be delayed at least a year.

The overall increase in the program was $344 million. This means the unit cost for this B–1 aircraft is already estimated to be $56 million per plane. Let the record show that ultimate costs are estimated to be far higher.

In other words, this will be the most expensive airplane ever built in the history of the world.

With bugs finally worked out on the FB–111 bomber, a bomber which, with the ever-increasing efficiency of air refueling, has true strategic range, should not be realistic about the difficulties involved in going ahead with yet another aircraft that already is costing in the neighborhood of a billion dollars per squadron?

We already have an advanced strategic bomber, which can penetrate enemy air space both low and fast, with the most advanced avionics. To keep the production line open for this aircraft, and not foreclose the option of using any of its versions in the future the committee added funding to this year's bill for 12 F–111's, at a cost of $158.8 million.

The primary mission of any strategic aircraft carrying nuclear weapons is deterrence. That is now served by presenting the enemy with a variety of possible types of retaliation. In this way they could never be sure that some parts of a retaliatory strike would not penetrate.

MAJOR DETERRENT SYSTEMS

We now have for consideration four major deterrent systems: (1) strategic bombers, (2) intercontinental ballistic missiles (ICBM's), (3) submarine launched ballistic missiles (SLBM's) and (4) forward based aircraft (FBA's).

Although the B–1 might be somewhat more effective than any other plane, in that the program has developed additional problems it would appear logical to watch the growing cost of what it is already also clear will be the most expensive of all airplanes.

Let us recognize also the many other weapon systems that have been developed and are in use to destroy a possible enemy. Everyone, especially the already overburdened taxpayer, would agree it is only necessary to destroy an enemy once.

SUBSONIC CRUISE ARMED DECOY (SCAD)

We plan now to discuss the SCAD (subsonic cruise armed decoy) program, which illustrates an issue referred to at the beginning of this testimony.

After the Deputy Secretary of Defense terminated the existing development program last July 6, and so notified Congress, on August 6 the committee reminded the Department of Defense that $210 million was available in various research and development programs to explore the technology for long-range cruise missiles such as SCAD and the Navy SCM (strategic cruise missile).

B–1 AIRCRAFT PROGRAM

Chairman McClellan. Senator, before we go into that, do you favor cancelling out or discontinuing the procurement of the B–1?

Senator Symington. No, Mr. Chairman, but I think it should be very seriously considered and I do fully approve the $100 million reduction. Once again, I hope they would stay right with a development program before they consider procurement.

Chairman McClellan. In some of your testimony here you indicated that maybe the F–111——

Senator Symington. I am very skeptical about a bomber that is going to cost, before it gets through, up to $60 or $70 million that can be knocked down by a $200,000 missile. You remember the Air Force canceled the B–70, not the Congress. They gave up because they went from the B–70 to the RB–70. In other words, let's go around and look at what has happened after the missiles have done their job.

Chairman McClellan. I asked the question for information.

Senator Symington. Yes, sir.

Chairman McClellan. I may offer an amendment to discontinue the whole B–1 program. I don't know, I am just trying to find out. I am trying to secure in these hearings as many specifics as we can have when the subcommittee sits down to mark up this bill. I also want to anticipate what the issues are going to be when we get on the floor. That is all I am trying to do.

Senator Symington. I know.

Chairman McClellan. I am not arguing in this instance for or against it.

Senator SYMINGTON. I would support the $100 million reduction, Mr. Chairman.

Chairman MCCLELLAN. All right.

SCAD DEVELOPMENT PROGRAM

Senator SYMINGTON. The reasons behind the decision of the Defense Department to cancel the SCAD development program were: (1) development costs had skyrocketed to $700 million and (2) the program unit costs for either the missile or the decoy had now increased to some $1 million apiece.

In spite of urging, if not actual directives, from the Congress, the Air Force continued to develop this program solely as a decoy, instead of developing the dual role of decoy and long range standoff missile, and some believe this continued resistance was so as to avoid having a long-range air-to-surface missile which might justify a standoff bomber that would compete with the B–1.

The committee report states this is now "generally recognized." If true, it is but another example of a service allowing a possibly desirable program to be sacrificed because of its potential competition with an even more expensive larger-scale development effort.

CVN–70 NUCLEAR AIRCRAFT CARRIER

In this year's authorization bill the Navy requested $3.9 billion for shipbuilding, about $1 billion more than appropriated last year. Much of this increased request is because of the CVN–70, the new nuclear aircraft carrier, that is being proposed.

Apparently the Navy desires a force of 15 carriers into the 1980's and beyond, this according to testimony last year before the Armed Services Committee; but it also is clear from that testimony that the Department of Defense plans for only 12.

If there are already 12 modern carriers available in the 1980's without building this additional CVN–70, surely the United States could delay beginning the construction of another carrier until the latter is needed as a replacement; and that would save $657 million in the Defense budget for this year. In addition, some portion of the $299 million authorized last year could be saved, because only about $10 million of this latter money had been expended as of last June 30.

That was the point you were making, Senator.

At this time there are in existence, or under construction, three nuclear carriers, as well as eight postwar *Forrestal* class carriers.

"MIDWAY" CARRIER

In addition, there is a 12th carrier, the *Midway*, which was commissioned shortly after World War II. This latter carrier was completely rebuilt in the late 1960's, and recommissioned in 1970.

The completeness of this rebuilding is demonstrated by the cost—$202 million, a figure which approaches the cost of construction of a new carrier during the same years—the carrier *J. F. Kennedy*, constructed during this period, cost $277 million.

Shortly after the *Midway* was commissioned, 3 years ago, the Navy issued the following press release:

Midway's conversion was the most comprehensive modernization ever made to a U.S. Navy ship. She will be capable of handling the largest and most complex carrier aircraft and weapons systems in the Navy's arsenal through the 1980's.

If this statement is true, then a force of 12 modern carriers, as required through the 1980's under present plans of the Department of Defense, would not require the construction of the CVN–70, or any other new carrier, for a number of years.

Last year the Chief of Naval Operations, faced with the implication of these facts, rejected this 1970 Navy statement. But if the Navy was even partially right at that time—if, for example, the *Midway* would be serviceable even halfway through the 1980's—the construction of this CVN–70, or any other follow-on carrier, could well be delayed until the late 1970's.

PROPOSED BUDGET REDUCTIONS

In conclusion, Mr. Chairman, the reductions recommended by the Armed Services Committee, including the reduction manpower, total just under $2 billion.

Further reductions proposed by some committee members, including myself, would total nearly another $2 billion.

The record will verify that over the years no Member of Congress has been more for our submarine program than I. My objection to the proposed Trident program is based on this policy of rushing the production program before one prototype has been completed; and this increased by the recent public announcement of major trouble with the Poseidon missile.

When submarines are talked of vis-a-vis Soviet developments, it is emphasized they have more submarines than this country. But when additional aircraft carriers are requested, no mention is made of the fact that in this field we outnumber the Soviets at least 15 to 1. They may have a carrier, they think they do; we know we have ours.

At this point I may respectfully present to the committee that the nearly $4 billion reduction proposed is much less than one-third of the $14 million reduction recommended recently by responsible outside witnesses before our committee. We recommended a relatively very minor reduction.

Chairman McCLELLAN. Do you think that recommendation is based on great exaggerations?

Senator SYMINGTON. I think that a great deal of their recommendations are sound, but I am not yet prepared to come before you and the Members of the Senate and recommend everything they do. Some of the things that they recommend I believe are unsound.

NUCLEAR WEAPONS

To date, Mr. Chairman and members of the subcommittee, we have not discussed in any detail that new and all-important element of national defense—nuclear weapons. This is the sad business of how the nuclear weapons have been kept secret. I might say for the first time

in history in the Joint Atomic Energy Committee we had their head military man up, we had his testimony declassified. We also had the head atomic man in the Pentagon who does not seem to be able to reach agreement on declassification. We also had General Goodpaster because of the importance of this situation in Europe.

I would just like for the last few minutes to discuss nuclear weapons.

A year ago last August, this administration issued a pamphlet which showed that, whereas in 1972 the Soviets had 2,500 nuclear warheads to our 6,000, under present plans, by 1977—5 years—the Soviet nuclear stockpile will increase to 4,000 warheads, the United States nuclear stockpile will have increased to 10,000.

No doubt this ratio in our favor could be reduced, or even changed, but then the logic of the basic theory of "overkill" comes into the picture. What difference does it make whether we can destroy the Soviet Union a thousand times over, and they us only five hundred times, or vice versa?

In this connection, the Hiroshima bomb, which destroyed that city and tens of thousands of lives in a matter of seconds, had a capacity of 14 kilotons. Over 99 percent of the U.S. nuclear stockpile has a destructive capacity far greater than any 14 kilotons, running up into megatons.

The question naturally arises, how many times does an enemy or a city have to be destroyed in order to be destroyed?

IMPACT OF TECHNOLOGICAL DEVELOPMENT IN WARFARE

The impact of this new major technological development in warfare is further emphasized by the fact the nuclear stockpile we have available today against a possible aggressor is many thousand times greater in TNT equivalent than all the tonnage we dropped over Europe, Japan and everywhere else during the same 4 years it took to win World War II.

As evidence of the importance of curtailing the current clearly extravagant mood in the Defense Department and imposing at least some sense of discipline, consider the fact that the production cost of a nuclear shell for an artillery piece is over seven thousand times greater than the production cost of a conventional shell for the same gun barrel.

When we ran into that in Executive session I could not believe it. This statement is unclassified. The cost for an 8-inch conventional shell to be used in Germany, everybody agrees, is $56. The cost for the same barrel, the same gun of a nuclear shell in production per shell is $402,000. A cost for 155-millimeter shell conventional is $191 apiece. The cost of the same shell in production, nuclear, and it is in production, is $452,000 per shell. So you are spending over [deleted] for [deleted] shells, [deleted] in the case of the 155-millimeter, [deleted] in the case of the 8-inch.

[Deleted.]

So later on when Chancellor Brandt came over here, and for reasons that are not important—he has been a good friend of mine for years since I was with General Eisenhower in Berlin before he was mayor—I said, "Now he is coming over here, he is coming before the Foreign Relations Committee. [Deleted.]

DIRECTION IN FIELD OF NUCLEAR ENERGY

Chairman McCLELLAN. How much is in the budget for those shells?

Senator SYMINGTON. Well, it is in the Atomic Energy Commission budget. I cannot split the warheads and the shells themselves but I think nearly all of it is in the AEC budget and the figures I am quoting are the figures that were given to us by them.

Chairman McCLELLAN. Can you have your staff give us some information about this?

Senator SYMINGTON. I would hope so, Mr. Chairman.

Chairman McCLELLAN. In other words, make it specific.

Senator SYMINGTON. I am quite confident we would not be in this production. The Department of Defense pays for this.

Chairman McCLELLAN. Maybe that is an area where we could make further reductions.

Senator SYMINGTON. I would hope so.

Chairman McCLELLAN. I would like to get something specific on the record if we can.

Senator SYMINGTON. I can only say that the longer I have been on the Joint Committee, I think it is so sad that so much of the work in the nuclear field is directed into how to kill the maximum number of people at minimum force as against helping the people of the world by creating new energy, or through the use of nuclear material in medicine.

Chairman McCLELLAN. All that sounds good, but we are faced with the task here of appropriating money for specific items.

Senator SYMINGTON. That is right.

Chairman McCLELLAN. I want the issues raised on specific items insofar as we can so that we can evaluate the program.

Will you cut out the money for these shells that you have been speaking of that cost so much? Would you stop production?

TERMINATION OF NUCLEAR ARTILLERY SHELL PROGRAM

Senator SYMINGTON. Mr. Chairman, when I presented this program to the Joint Committee, the Joint Committee recommended the termination of this nuclear artillery shell program.

Chairman McCLELLAN. There is no more?

Senator SYMINGTON. That is right.

Chairman McCLELLAN. They are not in this budget.

Senator SYMINGTON. No.

Chairman McCLELLAN. Good. I thought we were talking about something in this budget. What you say on the matter——

Senator SYMINGTON. It would not be in this budget because one of the reasons I think that the Defense Department has been very careless or perhaps "wasteful" is a fair word about the atomic weapon is that they don't pay for it, they just tell the Atomic Energy Commission what they want and the Atomic Energy Commission builds it and pays for it.

Senator YOUNG. May I ask a question?

Chairman McCLELLAN. Yes, Senator Young.

Senator YOUNG. I have always been concerned about the use of tactical nuclear warheads. If we used nuclear warheads in a war in Europe, would we not immediately escalate that war into a full nuclear war?

Senator SYMINGTON. That is what I felt, Senator, and I have felt that way for many years.

Senator YOUNG. I don't see how one could avoid that view. Once we started, we would have to go all the way.

Senator SYMINGTON. As long as you bring it up, the thing to me that is so incredulous is that we are putting millions of dollars into it and [deleted].

Based on these facts and our growing problems at home, all of which require money as an essential part of solution, should we not insist that hard choices be made as we consider the various competing resources claims?

PROPER UTILIZATION OF TAX REVENUE

If nothing but that basic tenet is recognized in the budget we are now asked to approve for the Defense Department, as I see it, Mr. Chairman and members, we will have lived up to the trust the people have placed in us with respect to the proper utilization of their taxes. In the interest of true national security, however, we have the right, the duty, to make a decision as to what is not needed, and to demand that what we agree is needed, in personnel and procurement, be achieved with maximum efficiency at minimum cost.

May I thank you, Mr. Chairman and members of the subcommittee, for your gracious courtesy in listening to this testimony.

Chairman MCCLELLAN. Thank you, Senator. I think you have made a very fine presentation and raised some questions that should be weighed and decided.

As Senator Pastore said here earlier today, in some of these areas I don't think any of us absolutely know the answers. We are going to have to exercise the best judgment we can, because if we are never going to have a war, we don't need any of these weapons, unless, by having possession of them we possess a deterrent which is an essential factor in delaying or permanently preventing a war.

Senator Stennis, do you have any questions?

Senator STENNIS. Mr. Chairman, I will be quite brief.

Again I want to thank Senator Symington for a great deal of fine, hard work that he has done on this military procurement bill hearing. He has done a fine job.

ABANDONMENT OF F–14 PROGRAM

I am not prepared at this time to go into some of these items, but your recommendation on the F–14, as I understood it, was that it be abandoned.

Senator SYMINGTON. Mr. Chairman, I am glad you brought that up because we decided to cut from $705 million to take over half a billion out of that.

Now, they stated that they have reached an agreement and that they are going to sign a contract. I think that Senator Cannon now feels that we should put that money back. I not only don't feel that way, I think that this is another bailout like Lockheed and I have watched it pretty carefully. The price of this worries me a great deal more than the price of any fighter in the history of the world. The way

this started was that the Congress threw out the money for the TFX for the Navy and very properly so, but the money was then there and they transferred it into getting a new plane because they wanted to hold the Phoenix missile which is a missile that goes out 50, 60, 70 miles away from the carrier to defend the attacking planes and the carrier. That is the basis of it.

I have studied it to the best of my ability and have listened to discussions about it and I know the problems that the contractor has. As a member of the Tactical Air Subcommittee, I have been opposed to this airplane for several years and I think it is ultimately going to get us into trouble.

TFX AIRCRAFT

Senator STENNIS. This is striking out the Navy version of the TFX that was the McClellan claim. [Laughter.]

At the same meeting of the committee we voted to strike that money out, as you had already recommended. We asked the Navy to start on another aircaft in place of it, because time had been lost.

Chairman MCCLELLAN. Let me say I never did oppose the need for such a plane as the TFX. What I did oppose was the callous arbitrariness in their awarding of the contract. That was my first objection. My second objection was the insistence that the two different versions of the Navy and the Air Force aircraft provide a commonality in parts. I say this with all deference to Mr. McNamara, who I thought was a genius almost up to that time, and so regarded him.

Senator STENNIS. I said that part in jest. This has come about over the years. I think the committee did a fine job on the subcommittee's prodding, forcing them to either take a reduction or get a definite contract for this. As the Senator said, they have done that now for the legislative branch.

I am interested in what Senator Cannon is going to say. He is not only the chairman, but he is qualified in that field. You say you think he is going to recommend to put the money back?

ACROSS-THE-BOARD BUDGET CUTS

Senator SYMINGTON. That is my impression. If we do that instead of being within $3 million of the House bill, which was heavily cut, nearly $1 billion as a result of the House putting in an across-the-board cut. I think maybe the best way to solve a lot of these problems is to have an across-the-board cut and not to limit the weapon system. That was good business practice when I was in industry.

Chairman MCCLELLAN. We are dealing in generalities instead of specifics. If we are going to cut this bill now, which of these weapons should we cancel? We are approaching the day of decision.

I am very grateful for the number of Senators that have responded to the invitation to come here and testify. We have had some good colloquy, and the thoughts placed in this record deserve to be weighed and considered as we go along.

I am seeking the best answers that I can find, so that we can all weigh the problem of conserving our resources and at the same time maintaining a military posture that is necessary in this political period.

Anything further, Senator?

Senator YOUNG. We are fortunate that the procurement bill will be before the Senate before the appropriations bill.

Chairman MCCLELLAN. Oh, yes. We will still have a lot of debate before we decide on the appropriation.

F–14 AIRCRAFT

Senator SYMINGTON. I may have gone too strongly. I would ride with the F–14 to the end of this year, but I told Senator Cannon I could never approve going back a half billion dollars.

PREPARED STATEMENT OF HON. PETE V. DOMENICI, U.S. SENATOR FROM NEW MEXICO

Chairman MCCLELLAN. Senator Domenici, of New Mexico, was scheduled to appear before the subcommittee this morning. Since we have used most of our allotted time, Senator Domenici has kindly agreed to make his statement a part of today's hearing record. The Senator from New Mexico may appear before the subcommittee at a later date to elaborate upon his statement and respond to any questions.

[The statement follows:]

MR. CHAIRMAN. IT IS A DISTINCT PLEASURE TO BE WITH YOU AND THE OTHER DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE ON DEFENSE APPROPRIATIONS TO PRESENT MY VIEWS ON THE 1974 DEPARTMENT OF DEFENSE BUDGET. THIS IS AN OPPORTUNITY I GREATLY APPRECIATE BECAUSE I FEEL THAT THERE IS NO SUBJECT MORE IMPORTANT TO THE CONTINUATION OF THIS GREAT NATION THAN THE TREATMENT OF THE ADMINISTRATION'S DEFENSE BUDGET BY THE CONGRESS, PARTICULARLY AT THIS TIME WHEN THERE ARE SO MANY PRESSURES TO APPROVE A BUDGET MUCH LOWER THAN THE REQUESTED LEVEL.

ONE OF THOSE STRONG AND ATTRACTIVE PRESSURES, MR. CHAIRMAN, IS PREDICATED ON THE AIR OF DÉTENTE WHICH IS SAID TO EXIST BETWEEN THE UNITED STATES AND OUR PRINCIPAL POTENTIAL ADVERSARIES, PARTICULARLY THE SOVIET UNION. I WOULD LIKE TO ADDRESS MYSELF TO WHAT I CONSIDER TO BE THE REAL DANGER OF BENDING TO THE PRESSURE.

WEBSTER'S DICTIONARY DEFINES "DÉTENTE" AS "A LESSENING OF TENSION OR HOSTILITY, ESPECIALLY BETWEEN NATIONS, AS THROUGH TREATIES, TRADE AGREEMENTS, ETC." WITH THAT AS ITS DEFINITION, I QUITE AGREE THAT DÉTENTE DOES EXIST BETWEEN THE UNITED STATES AND THE SOVIET UNION AND BETWEEN THE UNITED STATES AND THE PEOPLE'S REPUBLIC OF CHINA: THAT THE TENSION AND HOSTILITY WHICH HAS EXISTED BETWEEN THESE TWO POWERFUL NATIONS AND OUR OWN COUNTRY HAS LESSENED IN RECENT YEARS.

HOWEVER, IN SPITE OF THE PROGRESS TOWARD LESSENING OF TENSIONS ACHIEVED BY THE NIXON POLICY OF NEGOTIATION, STRENGTH, AND PARTNERSHIP WITH OUR ALLIES, THE FACT OF THE MATTER IS, MR. CHAIRMAN, THAT WORLD TENSION AND HOSTILITY HAVE NOT BEEN ELIMINATED. NO AMOUNT OF WISHFUL THINKING CAN CHANGE THAT FACT. SO, IT IS AGAINST THIS BACKGROUND, UNDER THESE CIRCUMSTANCES, THAT I FEEL WE MUST VIEW OUR DEFENSE BUDGET.

FIRST, MR. CHAIRMAN, I THINK THE TRUE MEANING OF DÉTENTE TO OUR POTENTIAL ADVERSARIES MUST BE DETERMINED BY THE TREND IN THEIR MILITARY

CAPABILITIES DURING THE PERIOD DÉTENTE HAS BECOME AN ACCEPTABLE -- AND IN SELF-SERVING SITUATIONS AN EVEN FASHIONABLE -- RELATIONSHIP WITH US. PARTICULARLY, WE MUST WEIGH THE MEANING AND IMPACT ON DÉTENTE OF THE MEASURABLE AND QUITE VISIBLE TREND TOWARD CLEAR-CUT SOVIET MILITARY SUPREMACY.

I THINK IT IS PARTICULARLY SIGNIFICANT, MR. CHAIRMAN, THAT IN 1968 THE SOVIETS HAD ABOUT 800 ICBMs, BUT NOW IT HAS TWICE THAT NUMBER. IN 1968, THE UNITED STATES HAD 1054 ICBMs -- TODAY WE HAVE THAT SAME NUMBER. IN SHORT, IN THE PAST FIVE YEARS, THE U.S.S.R. HAS GONE FROM A POSITION OF INFERIORITY TO A POSITION OF THREE-TO-TWO ADVANTAGE OVER THE U.S. JUST IN NUMBERS OF ICBM LAUNCHERS AND HAS, IN ADDITION, A CONSIDERABLE ADVANTAGE OVER THE UNITED STATES IN TERMS OF ICBM "THROW WEIGHT".

AGAIN REFERRING TO 1968, THE SOVIETS HAD LESS THAN 1Q0 SLBM LAUNCHERS WHILE TODAY IT HAS MORE THAN FIVE TIMES THAT NUMBER. THE UNITED STATES HAS THE SAME NUMBER OF SLBMs THAT IT HAD IN 1968 -- 656. AT THE PRESENT RATE OF CONSTRUCTION, THE SOVIETS WILL EQUAL THE U.S. IN SLBMs BY MID-1974.

REGARDING TOTAL DELIVERY VEHICLES OF ALL TYPES -- ICBMs, SLBMs, AND BOMBERS -- WE HAD TWICE AS MANY AS THE SOVIET UNION IN 1968. TODAY, THE SOVIET UNION HAS ACHIEVED A SLIGHT ADVANTAGE IN NUMBERS OF DELIVERY VEHICLES. THIS SOVIET QUANTITATIVE ADVANTAGE OVER THE UNITED STATES IS EXPECTED TO INCREASE FURTHER OVER THE NEXT FIVE YEARS AS WE CONTINUE TO PHASE OUT SOME OF OUR OLDER B-52s AND THEY COMPLETE THE BUILD-UP OF THEIR SLBM FORCE TO THE LEVEL PERMITTED BY THE INTERIM AGREEMENT ON STRATEGIC OFFENSIVE ARMS.

ANOTHER CRITICAL FACTOR TO CONSIDER RELATIVE TO THE EVOLVING INTERNATIONAL SITUATION AND OUR DEFENSE POSTURE IS MILITARY RESEARCH

AND DEVELOPMENT. THIS IS AN AREA WHICH UNFORTUNATELY IS NOT CONSTRAINED BY THE AGREEMENTS ON ARMS LIMITATION. HERE, I FEEL, THE PATTERN OF SOVIET GOALS CONTINUES TO HOLD TRUE. THEY GIVE EVERY APPEARANCE OF HAVING MADE A BASIC COMMITMENT TO THE OBJECTIVE OF TECHNOLOGICAL SUPERIORITY. A NUMBER OF STUDIES HAS BEEN MADE OF THE TECHNOLOGICAL ACTIVITIES OF VARIOUS NATIONS OF THE WORDING, INCLUDING THE U.S.S.R. AND THE U.S., AND IT IS VERY DISTURBING THAT NO STUDY I AM AWARE OF SHOWS THAT WE ARE EVEN HOLDING OUR OWN AGAINST THE SOVIET'S CONCENTRATED EFFORTS TO OVERCOME OUR TECHNOLOGICAL SUPERIORITY. IN MY OPINION, IT IS ONE OF THE BASIC FACTS OF MODERN LIFE THAT IT IS RESEARCH AND DEVELOPMENT WHICH WILL DETERMINE THE CHARACTER AND QUALITY OF MILITARY FORCES -- IN THE YEARS AHEAD. I WILL SPEAK AT GREATER LENGTH ON MILITARY RESEARCH AND DEVELOPMENT LATER IN THIS STATEMENT.

THERE ARE MANY OTHER INDICATIONS OF ADVANCING SOVIET MILITARY MIGHT WHICH ARE TOTALLY INCONSISTENT WITH OTHER EFFORTS TO LESSEN WORLD TENSION. AS I HAVE ALREADY OBSERVED, IT IS CLEAR THAT RECENT ACTIVITIES HAVE OPENED THE WAY TO MORE NORMAL RELATIONS WITH THE COMMUNIST STATES, AND I APPLAUD THAT TREND, BUT, IT IS JUST AS CLEAR THAT THE MILITARY POWER OF THE SOVIET UNION AND MAINLAND CHINA CONTINUES TO GROW. THE CONCLUSION TO BE DRAWN FROM THIS SITUATION IS, TO ME, INESCAPABLE -- WE MUST MAINTAIN A PERCEPTIVE, OBJECTIVE VIEW OF THEIR CURRENT AND FUTURE MILITARY CAPABILITIES -- REGARDLESS OF WHAT WE MIGHT HOPE THEIR ULTIMATE INTENTIONS MIGHT BE. THE MILITARY BALANCE AT THIS CRITICAL JUNCTURE IS CHARACTERIZED BY SUCH EXTREME DELICACY THAT TO DO OTHERWISE WOULD BE UTTER FOOLISHNESS IN MY OPINION.

THIS IS A VIEW I SHARE WITH THE PRESIDENT AND OTHERS WHOSE JUDGMENT I RESPECT. THE PRESIDENT, IN THIS YEAR'S REPORT ON FOREIGN POLICY, AFTER OUTLINING ALARMING INCREASES IN SOVIET MILITARY MIGHT, CONCLUDED THAT "WE HAVE NO RESPONSIBLE CHOICE BUT TO REMAIN ALERT TO THE POSSIBILITY THAT THE SOVIET UNION AND CHINA MAY NOT PROVE DURABLE."

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I WOULD SUM UP THIS POINT, MR. CHAIRMAN, BY AGREEING WITH SECRETARY SCHLESINGER'S ASSESSMENT OF DÉTENTE. IN URGING RECENTLY THAT THE UNITED STATES SHOULD NOT GO TOO FAR, TOO FAST WITH A DÉTENTE POLICY IN EUROPE, DR. SCHLESINGER DESCRIBED DÉTENTE AS "A VELVET GLOVE -- A MAILED FIST IN A VELVET GLOVE". "SHOULD WE," HE ASKED, "BE DISCUSSING THE BEAUTY AND TEXTURES OF THE GLOVE, OR THE IMPORT OF THE MAILED FIST?" MR. CHAIRMAN, WHEN THAT MAILED FIST BECOMES STRONGER EVERY DAY, FAR BEYOND REALISTIC DEFENSE NEEDS, THE ANSWER TO DR. SCHLESINGER'S QUESTION IS OBVIOUS.

TURNING NOW TO A MORE SUBTLE CONNECTION BETWEEN DÉTENTE AND THE DEFENSE BUDGET -- I WOULD OFFER FOR YOUR CONSIDERATION THE PROPOSITION THAT "A STRONG U.S. MILITARY CAPABILITY IS AN ESSENTIAL INGREDIENT IN PURSUING DÉTENTE AND IS CRITICAL TO THE ULTIMATE SUCCESS OF DÉTENTE."

I THINK IT IS BEYOND QUESTION THAT OUR MILITARY PREPAREDNESS, COMBINED WITH OUR PARTNERSHIP WITH OUR ALLIES, PROVIDED THE BASIS FROM WHICH DÉTENTE IS DEVELOPING. THERE ARE OTHER FACTORS, TO BE SURE, SUCH AS THE SOVIET NEED AND DESIRE FOR ECONOMIC EXPANSION, BUT WITHOUT A U.S. MILITARY RESPONSE DESERVING OF RESPECT FROM THE SOVIETS, THE MOVEMENT TOWARD DETENTE WOULD HAVE BEEN MUCH SLOWER, IF AT ALL, AND MUCH MORE ON THEIR TERMS.

I WANT DÉTENTE TO CONTINUE. I FERVENTLY HOPE THAT WORLD TENSION AND HOSTILITY BETWEEN NATIONS WILL CONTINUE TO BE REDUCED. I AM SURE THAT IS WHAT ALL AMERICANS WANT -- WE WANT PEACE AND IN GOOD FAITH WE ARE ENTERING WITH HIGH HOPES INTO EFFORTS WHICH WOULD LEAD IN THAT DIRECTION.

BUT, WHAT DO THE SOVIETS WANT, WHAT IS THEIR ULTIMATE PURPOSE, AND IN QUESTION HERE TODAY, WHAT IS THE RELATION OF THAT PURPOSE TO OUR DEFENSE BUDGET? PERHAPS TO SHED MORE LIGHT ON THAT ISSUE WE SHOULD

EXAMINE, IN ADDITION TO THEIR OBVIOUS MILITARY EXPANSION, WHAT THEY SAY WHEN THEY THINK WE ARE NOT LISTENING VERY WELL.

IN THAT REGARD, MR. CHAIRMAN, THE EXTREMELY WELL RESPECTED FOREIGN REPORT OF THE ECONOMIST NEWSPAPER LIMITED ON JULY 18, 1973, HAD THE FOLLOWING COMMENTS:

> "According to well-placed European sources, Brezhnev and his lieutenants went to great pains earlier this year to spell out to the east Europeans the basic principles of Soviet policy. In a series of separate, bilateral meetings, top Soviet officials explained to their opposite numbers in east European capitals that there had been a tactical switch in Soviet policy -- but that it was basically a tactical switch.
>
> Essentially, the east Europeans were told that the Soviet Union aimed in the next 12 to 15 years to devote all its resources (a) to pursuing detente with the west, and (b) to building up its own strength, militarily and economically. The Russians stressed that there was no contradiction in these objectives; one complemented the other.
>
> At the end of this period -- roughly in the middle or late 1980's -- the total strength of the Soviet and east European block would have increased to such an extent that it would be able to gain the upper hand in its relationship with the west."

THE FOREIGN REPORT WENT ON TO NOTE THAT

> "There has been debate within the Soviet leadership for more than a year over this policy, and in recent months signs of opposition within the hierarchy have surfaced. The changes in the politburo announced after the meeting of the Soviet Communist party's central committee in April to some extent reflected this disagreement -- although at the moment Brezhnev is clearly on top. A curious feature is the way Leninist principles are being invoked at every turn; this is obviously to reassure doubtful party workers of the rectitude of the new Brezhnev doctrine. Some of the policies which are being invoked in his name must make Lenin turn in his grave.
>
> In his television broadcast during his visit to the United States, Brezhnev said that "in politics, those who do not look ahead will inevitably find themselves in the rear among the stragglers." This broadcast was relayed to the Soviet Union, unlike statements made by his American hosts during the visit, which were jammed. His remarks have been interpreted as a reminder to the more conservative elements in the Soviet Union that they should bear in mind the more long-term aims, and not take the new Soviet attitude at face value."

OUR INTELLIGENCE REPORTS VERIFY THE FACTS CONTAINED IN THESE STATEMENTS. ALL OF THIS MEANS TO ME THAT WE IN THE UNITED STATES CONGRESS

MUST ALSO BEAR IN MIND THE SOVIETS LONG-TERM ATTITUDE ESTABLISHED BY ACTIONS AND WORDS, SOME OF WHICH I HAVE DRAWN TO YOUR ATTENTION, AND NOT TAKE THE NEW SOVIET ATTITUDE AT FACE VALUE ANY MORE THAN BREZHNEV WOULD HAVE HIS OWN LEADERS DO.

THE IMPORTANT POINT HERE IS OFTEN OVERLOOKED -- IF DÉTENTE IS DESIRABLE, AS WE ALL AGREE IT IS, AND IF IT IS TO BEAR FRUIT, AS WE ALL HOPE IT WILL -- WE MUST NOT REMOVE THE ELEMENT MOST CRITICAL TO ITS CONTINUED EXISTENCE -- A STRONG NATIONAL DEFENSE. IN OTHER WORDS, DÉTENTE IS ONE OF THE REASONS TO REMAIN STRONG RATHER THAN A REASON TO DISARM.

I AM AWARE THAT THERE IS ALSO STRONG PRESSURE TO DRASTICALLY REDUCE OUR DEFENSE SPENDING TO MEET THIS NATION'S DOMESTIC PROBLEMS. THERE IS A MOVEMENT TO "REORDER OUR PRIORITIES" AND DEVOTE A GREATER SHARE OF OUR RESOURCES TO SOCIAL NEEDS. THESE DOMESTIC PROBLEMS ARE URGENT AND THERE ARE SOCIAL AND HUMAN NEEDS IN THIS COUNTRY WHICH ARE NOT BEING MET. I FULLY REALIZE THOSE FACTS AND I AM CONCERNED, JUST AS EVERY ONE OF YOU ARE.

HOWEVER, I AM ALSO AWARE THAT THERE HAS ALREADY BEEN A "REORDERING OF PRIORITIES" SO THAT SOCIAL AND HUMAN NEEDS ARE RECEIVING A GREATER PROPORTION OF OUR FUNDS. MY EXAMINATION OF BUDGET FIGURES CONFIRMS THAT IN THE LAST FOUR YEARS, THE RELATIVE BUDGETARY EMPHASIS BETWEEN DEFENSE AND HUMAN RESOURCES HAS BEEN EXACTLY REVERSED.

I KNOW THAT MUCH MORE MUST BE DONE TO ALLEVIATE CONDITIONS OF HUMAN MISERY THAT THIS GREAT NATION IN ITS ABUNDANCE SHOULD NOT AND CANNOT TOLERATE. AND I PLEDGE MY CONSTANT ATTENTION AND TOTAL EFFORT TO HELP OVERCOME THOSE PROBLEMS, BUT I MUST AGREE WITH PRESIDENT NIXON'S STATEMENT IN HIS MOST RECENT MESSAGE TO CONGRESS WHEN HE SAID "WE COULD HAVE THE FINEST ARRAY OF DOMESTIC PROGRAMS IN THE WORLD, AND THEY

WOULD MEAN NOTHING IF WE LOST OUR FREEDOM OR IF, BECAUSE OF OUR WEAKNESS, WE WERE PLUNGED INTO THE ABYSS OF NUCLEAR WAR."

I WOULD ALSO DRAW FROM THAT PRESIDENTIAL MESSAGE ON THE EXTREME IMPORTANCE OF DEFENSE RESEARCH AND DEVELOPMENT ACTIVITIES. THE PRESIDENT SAID AND I AGREE THAT

> a vigorous research and development program is essential to provide vital insurance that no adversary will ever gain a decisive advantage through technological breakthrough and that massive deployment expenditures will therefore not become necessary.

MR. CHAIRMAN, I AM CONVINCED THAT WE MUST HAVE A VIGOROUS RESEARCH AND DEVELOPMENT PROGRAM TO MAINTAIN FORCE EFFECTIVENESS AND RETAIN A NECESSARY MARGIN OF TECHNOLOGICAL SUPERIORITY. THERE CAN BE NO DOUBT THAT THE ACHIEVEMENT OF TECHNOLOGICAL SUPERIORITY HAS BEEN A PRIMARY INSTRUMENT OF SOVIET NATIONAL POLICY FOR MORE THAN 20 YEARS -- A POLICY UNCHANGED BY SALT.

I AM NOT AN ADVOCATE OF TECHNOLOGICAL SUPERIORITY JUST TO BE "NO. 1". MY ADVOCACY OF THIS PRINCIPLE IS BASED ON THE FACT THAT THIS NATION WILL NEVER BE ABLE TO PRODUCE AND MAINTAIN MILITARY FORCES LEVELS OF THE MAGNITUDE OF OUR POTENTIAL ADVERSARIES. IN SHORT, WE ARE AT A DISADVANTAGE IN TERMS OF QUANTITY AND WE MUST HAVE A QUALITY ADVANTAGE THROUGH TECHNOLOGICAL SUPERIORITY TO OFFSET THIS QUANTITY DISADVANTAGE.

IN THESE TIMES OF COMPETING NEEDS FOR LIMITED RESOURCES, THERE IS AN UNDERSTANDABLE TENDENCY TO MAKE THE CUTS WHERE THE EFFECTS ARE LEAST VISIBLE. UNFORTUNATELY, THE BENEFITS OF DEFENSE RESEARCH AND DEVELOPMENT PROGRAMS FALL INTO THIS CATEGORY OF GREAT SUSCEPTIBILITY. I HOPE THE CONGRESS WILL RESIST THIS EASY ROUTE BECAUSE I AM CONVINCED THAT A REDUCTION IN APPROPRIATIONS IN THIS CRITICAL AREA WILL AFFECT THE PROSPECT OF PEACE IN THE NEXT DECADE AND PERHAPS INTO THE NEXT CENTURY.

IN THE FINAL PART OF MY STATEMENT I WOULD LIKE TO MENTION SEVERAL SPECIFIC REPORTS TOWARD SIGNIFICANT BUDGET REDUCTIONS WHICH I BELIEVE ARE UNSOUND.

THE TRIDENT PROGRAM IS ONE OF THESE ISSUES. TRIDENT WILL ALLOW US TO MAINTAIN AN EFFECTIVE SEABASED STRATEGIC MISSLE FORCE IN THE FUTURE, PROVIDE A SIGNIFICANT HEDGE AGAINST THE POSSIBILITY OF SOVIET TECHNOLOGICAL BREAKTHROUGH, AND ENSURE AN ORDERLY REPLACEMENT FOR POLARIS SUBMARINES. IT IS MY OPINION THAT THIS SUBMARINE IS CRITICAL TO OUR DEFENSIVE POSTURE AS THE SOVIET NUMERICAL SUPERIORITY BECOMES EVEN GREATER. IT IS ABSOLUTELY IMPERATIVE FOR THIS COUNTRY TO HAVE A SUBMARINE BASED STRATEGIC MISSILE FORCE THAT IS RELATIVELY INVULNERABLE TO THE WIDE RANGE OF POTENTIAL FUTURE THREATS. THE TRIDENT, WHICH WILL AUGMENT AND REPLACE THE POLARIS/POSEIDON FLEET, WILL GIVE THE RANGE AND PROTECTION FROM DETECTION WHICH IS REQUIRED TO BE INVULNERABLE. THE SENATE COMMITTEE ON ARMED SERVICES HAS APPROVED THE FULL AMOUNT REQUESTED FOR AN ACCELERATED TRIDENT PROGRAM AND I HOPE IT WILL PASS AND BE FULLY FUNDED.

I AM NOT AS ENCOURAGED REGARDING THE ARMED SERVICES COMMITTEE ACTION ON THE F-14, FOR WHICH THE COMMITTEE RECOMMENDED FUNDING THROUGH DECEMBER 1973 NOT TO EXCEED $197.6 MILLION, WELL BELOW THE ORIGINAL REQUEST. I RECOGNIZE THAT THERE ARE VERY SUBSTANTIAL PROBLEMS WITH THE CONTRACTOR AND THAT THESE PROBLEMS REQUIRE TIME FOR PROPER SOLUTION, BUT THE NEED FOR THIS AIRCRAFT IS SO CRITICAL IN MY VIEW, THAT THE SENATE SHOULD RESTORE THE AMOUNTS CUT.

THERE ARE TWO BLANKET CUTS WHICH CONCERN ME, THE ONE IN THE HOUSE VERSION OF THE PROCUREMENT BILL IN TERMS OF DOLLAR LIMITATIONS, AND THE ONE OF THE SENATE ARMED SERVICES COMMITTEE IN TERMS OF MILITARY MANPOWER.

THE HOUSE AUTHORIZATION CEILING AMENDMENT, WHICH WAS OPPOSED BY THE LEADERSHIP OF THE HOUSE ARMED SERVICES COMMITTEE, WOULD

LIMIT WEAPONS SPENDING TO 1973 LEVELS WITH A 4.5 PER CENT INCREASE FOR INFLATION. IT APPEARS TO ME THAT SUCH ACTION SETS A DANGEROUS PRECEDENT AND SHOULD BE REJECTED TO ADHERE TO THE TRADITIONAL LINE ITEM APPROACH. IN MY LIMITED EXPERIENCE, IT WOULD SEEM THAT HAVING TWO DIFFERENT APPROACHES IN THE HOUSES OF CONGRESS WILL MAKE FINAL AGREEMENT ON A CONFERENCE REPORT VERY DIFFICULT, PERHAPS CAUSING SUCH A PROBLEM AS TO PREVENT AGREEMENT. BUT, OF EVEN MORE CONCERN TO ME IS THE BLANKET FLOOR AMENDMENT AS A MEANS TO DEAL WITH THE MILITARY BUDGET. IT SEEMS TO RELINQUISH THE CONTROL OF THE CONGRESS OVER THE EXPENDITURE OF MILITARY FUNDS AND REFUSES TO RECOGNIZE THAT THE AGGREGATE AMOUNT OF VERY NECESSARY AND JUSTIFIED INDIVIDUAL DEFENSE NEEDS MAY, AS IN THIS CASE, EXCEED SOME ARBITRARY AGGREGATE LIMITATION.

THE SENATE ARMED SERVICES COMMITTEE'S CUT OF 7% IN OUR MILITARY MANPOWER IS ANOTHER BLANKET APPROACH TO DEALING WITH OUR DEFENSE POSTURE WHICH SEEMS TO ME TO BE INAPPROPRIATE. THIS SPECIFIC ACTION COMES AT A TIME WHEN THE SOVIETS ARE ENGAGED IN THE BUILD UP I HAVE PREVIOUSLY DESCRIBED, AND IN THAT CONTEXT OF THE PRESENT DELICATE MILITARY BALANCE REPRESENTS A UNILATERAL CUT OF SUCH MAGNITUDE THAT I CANNOT ENDORSE IT. WHILE IT IS POSSIBLE THAT THIS CUT COULD COME FROM SUPPORT ELEMENTS, I THINK THE DANGERS POINTED OUT BY SENATOR TOWER IN HIS INDIVIDUAL VIEWS TO THE COMMITTEE'S REPORT ARE VERY VALID.

THERE ARE OTHER PROPOSALS TO REQUIRE SUBSTANTIAL UNILATERAL U. S. TROOP REDUCTIONS IN EUROPE. IT APPEARS TO ME THAT, WHILE I THINK THERE ARE ACCOMODATIONS THAT WE SHOULD PURSUE WITH OUR ALLIES ON RELATIVE CONTRIBUTIONS TO MUTUAL SECURITY, WITHDRAWALS OF THE MAGNITUDE PROPOSED WOULD HAVE DISASTROUS CONSEQUENCES.

CERTAINLY IT MUST BE OBVIOUS THAT SUCH UNILATERAL WITHDRAWALS WOULD UNDERMINE THE NEGOTIATIONS FOR MUTUAL AND BALANCED FORCE REDUCTIONS SCHEDULED TO BEGIN ON OCTOBER 30th. WHY WOULD

THE SOVIETS NEED TO BARGAIN, WHY WOULD THEY WANT TO TRADE, WHEN WHAT THEY ARE INTERESTED IN IS BEING GIVEN AWAY FREE? IF WE HAVE ANY HOPE OF THESE NEGOTIATIONS RESULTING IN A REDUCTION OF FORCES THAT WILL BE MATCHED BY THE OTHER SIDE WE MUST RESIST IMPULSES OF THIS KIND.

WHAT ALL OF THIS MEANS IS THAT THE EUPHORIA EXPRESSED BY SOME IN OUR COUNTRY CONCERNING THE CURRENT ARMS AGREEMENTS AND THE MILITARY BALANCE IS AT BEST PREMATURE. THE FACTS ARE THAT DETENTE IS IN ITS INFANCY, AND THAT WE ARE RUNNING SECOND TO THE SOVIET UNION IN FORCE SIZE, DEFENSE INVESTMENTS, AND MILITARY RESEARCH AND DEVELOPMENT. THAT GAP MUST NOT BE ALLOWED TO WIDEN, AND THEREFORE WE CANNOT CUT INTO OUR DEFENSE BUDGET. SIGNIFICANT CUTS IN THE DEFENSE BUDGET NOW WOULD UNDERMINE OUR STRENGTH, WOULD SERIOUSLY WEAKEN THE U. S. POSITION IN INTERNATIONAL NEGOTIATIONS, WOULD REQUIRE MAJOR UNILATERAL FORCE REDUCTIONS, AND WOULD UNDERCUT OUR EFFORTS TO BUILD A MORE STABLE BALANCE OF FORCES AT LOWER LONG-TERM COST TO BOTH SIDES. AND IT IS THESE EFFORTS WHICH, ONE WAY OR ANOTHER, WILL DETERMINE OUR SUCCESS IN BUILDING A LASTING STRUCTURE OF PEACE.

LETTERS FROM SENATORS IN RESPONSE TO INVITATION TO APPEAR

Chairman McCLELLAN. Some of the Senators who were unable to appear before the subcommittee have submitted letters or statements expressing their views. These submissions will appear in the record at this point.

[The information follows:]

LETTER FROM HON. HARRY F. BYRD, JR., U.S. SENATOR FROM VIRGINIA

U.S. SENATE,
Washington, D.C. September 5, 1973.

MY DEAR SENATOR MCCLELLAN: I have your letter of July 31.

There are two thoughts that come to my mind in regard to the Defense Appropriation Bill.

First, I am concerned that such a high percentage of our defense dollar—nearly two-thirds—goes for personnel and personnel-related costs. This leaves very little for procurement and research and development. The Department of Defense should be required to re-examine its manpower requirements.

Second, in regard to the Trident Submarine, it seems to me the original timetable as submitted by the Department of Defense to the Congress in early 1972 is preferable to the accelerated program recommended by the Department in September, 1972.

I appreciate your letter, and send you every good wish.

Sincerely,

HARRY F. BYRD, JR.

LETTER FROM HON. WILLIAM E. SCOTT, U.S. SENATOR FROM VIRGINIA

U.S. SENATE,
Washington, D.C., September 12, 1973.

Hon. JOHN L. MCCLELLAN,
Chairman, Committee on Appropriations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I appreciate your kind invitation to appear before the Defense Appropriations Subcommittee to express my views on the defense budget.

Let me merely state that I believe in full funding of authorizations of our Armed Services Committee for the necessary weaponry to provide both quantity and quality military hardware for all of our military services. To me it is essential to the security of the country to have the most modern military weapons in the world.

If we are to cut our defense budget, I would suggest delaying low-priority military construction and looking to ways to reduce the cost of fringe benefits; such as, complete medical care for retired military and their dependents and substituting medical care for major illnesses. In this connection, I understand that approximately 10½ million active and retired military personnel and their dependents now are entitled to free medical care at government expense and this does seem to be an undue burden upon the taxpayer.

With kind personal regards,

Sincerely,

WILLIAM E. SCOTT,
U.S. Senator.

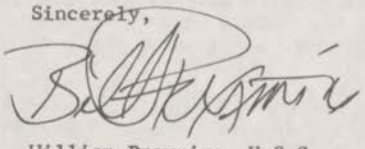
STATEMENT OF HON. WILLIAM PROXMIRE, U. S. SENATOR FROM WISCONSIN

Dear Mr. Chairman:

In response to your request to provide testimony before the Defense Subcommittee on the subject of military spending, I have attached a statement which addresses certain major issues.

Your solicitation of the views of other members of the Committee should sharpen the debate and result in a clearer picture of defense requirements. I greatly appreciate your offer and enclose herewith my written remarks for the Record.

Sincerely,



William Proxmire, U.S.S.

Two distinct trends dominate US national security considerations. First, it is reasonably clear that the US continues to maintain a strategic posture of strength. Second, it is equally clear that conventional fighting capability has eroded alarmingly. This paradox threatens the economic and military stability of the US military machine.

It is my firm belief that US military power must be increased. Unfortunately the means for doing so no longer rest on increased appropriations. We have reached the point when increased appropriations provide diminishing returns on the investment. Only internal policy reforms can now strengthen the soft military system perpetuated by years of laxity and command excesses.

Strategic Posture Remains Impressive

Current strategic systems in the inventory provide far more than sufficient deterrent capability. Comparisons of strategic forces often are misleading. No one factor alone gives proof of a strategic advantage for in the final analysis it must be a net assessment. Soviet advantages in throw weight and numerical superiority must be

measured by US predominance in MIRV capability, numbers of warheads, and accuracy.

No country stands still militarily. While the USSR continues with its strategic programs, the US initiates new efforts or accelerates existing weapon schedules. Threatening statements about Soviet advances conveniently overlook counterpart US developments. And far too often the true falls unnoticed in between.

In my view current Soviet advances are not destabilizing at this point. Over the near term the US will retain more than sufficient power to deter any designs of aggression against our country.

US policies must be built on prudent assessments and preparations for a steady long term efficient operation. In this context several fiscal year 1974 budget items require comment.

First, the Senate Armed Services R & D Subcommittee recommendations on the Trident program appear sound. Unanimity about the value of a sea based deterrent should not cloud our good sense about how to structure a deliberate development program. Crash programs inevitably create cost overruns, extraordinary design changes, requests for modifications, and frequently force potential adversaries to reply in kind. We should take the prudent course offered by the R & D Subcommittee.

Second, the B-1 program has reached the stage when its problems overcome its advantages. At nearly $60 million per plane, this leg of the triad requires rethinking. Other alternatives should be pursued such as long loiter stand off missile aircraft. The B-1 program should be halted before the point of production decision and released funds transferred to alternative research and development concepts.

Third, work on new forms of nuclear deterrents should be put aside pending a clear view of SALT II and ongoing Soviet programs. There is no sound justification for adding a fourth or fifth leg to

the present three systems. The Submarine Launched Cruise Missile and land based mobile missile concepts would add no necessary security.

Fourth, increased attention should be paid to the existing strategic systems. Earlier problems with the Minuteman fleet and now the Poseidon reliability crisis make the point that while defense planners are creating esoteric new weapons, current preparedness suffers from inattention.

Conventional Capability Declines Due to Internal Abuses

By far the most serious military problem facing the nation is the mismanagement and waste now degrading our conventional fighting capability. We are pursuing policies that reduce our military power by forcing lower force levels while allowing a bloated bureaucracy to flourish.

Present procurement policies are unilaterally disarming this country. Unit prices are skyrocketing and with that has come reduced purchases. The improvement in quality does not match the decrease in quantity and the nation ends up with an inferior force.

The F-14 is a prime example.

There are four issues that cast doubt on the wisdom of proceeding with the F-14. The first of these is the question of mission.

Mission: High-Threat Carrier Protection

The F-14 with its weapon system, the Phoenix standoff missile, is a sophisticated fleet air defense system. About that there is no argument. In terms of complexity, there is no comparison with any other fighter in the world. The F-14 and Phoenix have been designed to provide protection against a coordinated, advanced attack from standoff ranges both in the air and off the surface. Leaving aside for a moment the question of actual capability, it is clear that the F-14 is intended to face the most determined threat on the seas. If it were not, it simply would not require the complex fire-control

system and multishot capability of the Phoenix. For years now the F-14 has been described to Congress as the only aircraft capable of defending against a sophisticated attack.

Now this raises an often overlooked but critical point. If the F-14 is designed for this advanced threat, under what conditions would this capability be utilized?

Certainly it would not be necessary around South America or Africa. Much of the Pacific likewise is free from the threat of attack by a technologically advanced power. The same goes for off the China coast and for Southeast Asia. The Indian Ocean contains no threat of this nature.

In fact, the F-14 with its highly complex defensive system is intended only for use against a massive Soviet attack on our carriers. This is likely to materialize only in two specific regions: In the eastern Mediterranean and in the North Sea area. The F-14, then, is a highly specialized weapon system whose capabilities, on paper at least, are tailored for operation in limited circumstances.

If the F-14 the best plane for carrier defense against the low-threat areas of Africa or South America. Is it necessary there? If not, just where is it expected to be employed with maximum effectiveness? How plausible are those assumptions? Is carrier defense in a high-threat area possible under any conditions?

It is quite likely that the entire fleet need not be equipped with F-14's. Since we already have 134 planes on order, it will be possible to deploy this number on the few carriers we operate in high-threat zones.

Surely we do not need a $19 million plane to influence the developing nations or show the flag or create an American presence. We would only need it to fight the Soviet Union at sea and that contingency is not very plausible in itself.

Too often the F-14 program is justified without suitable reference to the primary mission of carrier defense and analysis of the overall carrier vulnerability problem.

The U.S. carrier fleet is faced with a military dilemma. In time of crisis and impending military action, the carriers are to utilize their mobility and take up positions close to the potential battle zone. In other words, they would move into the high-threat areas. And yet it is precisely in these high-threat areas that the carriers are most vulnerable. The eastern Mediterranean, for example, would be a graveyard for U.S. carriers. And so would portions of the North Sea where Soviet submarines operate in great numbers. The combination of air-to-surface missiles, submarine launched tactical missiles, surface-to-surface missiles, torpedoes, and land-based aircraft in high-threat areas is enough to force U.S. carriers to retire. Thus we have a strange circumstance. U.S. carriers will be less effective in the high-threat areas due to forced retirement or sinkage. Their mission would be severely curtailed and with that comes the conclusion that carriers will not be able to operate in the waters demanded by their mission.

The F-14 will do little to alleviate this situation. It basically is a question of numbers. Even with the multishot Phoenix capability, and I think that has been greatly exaggerated, the Soviets will be able to attack with far more aircraft, missiles, and submarines than a full complement of F-14's with a high success rate could defend against.

Carriers have their place and can perform valuable operations. But operating in high-threat areas is not one of them and this casts doubt on the sophisticated F-14 program. Against a heavy threat, the F-14's would exact a larger price but fail in the basic mission -- successfully defending the carrier.

Skyrocketing Costs

Behind this backdrop of carrier vulnerability the costs of the F-14 program stand out starkly. The original planning and development estimate for the F-14 was for 469 planes at $13.1 million each -- program unit costs -- for a total of $6.16 billion. Several months later in September of 1969 this was changed to 293 aircraft at $16.6 million. December brought a new total of 722 planes at $11.4 million.

In 1970 the total went from 722 to 437 and back to 722. The 1971 figure fluctuated from 437 to 313.

At the present time, the Navy wants at least 313 including apparently 68 for the Marine Corps. This kind of up-down, back-and forth planning is absurd.

By any standards the F-14 will be the most expensive fighter in the world and by a wide margin. It already has cost $3.46 billion for a paltry 134 aircraft or a program unit cost of $25.8 million each. Contrast this with the $1 million plus price tag of the Soviet MIG-21.

An additional $2.6 billion will be required to fund the 179 planes needed to fill out to 313. This will bring the F-14 program to over $6 billion or about the same as the original planning estimate in 1969 but for 156 fewer planes.

The unit cost would be a staggering $19 million compared to the original $13.1 million. This means that the U.S.S.R. or People's Republic of China would be able to field 10 Mig-21's at the inflated price of $2 million each for every F-14 we produce. And the F-14 has not been made that can handle 10 Mig-21's by itself even with its heralded six-shot Phoenix capability and 100 percent reliability.

Declining Force Levels

Declining force levels are more of a threat to the United States than many potential adversaries. We are buying fewer weapons

and paying more for them. And in many cases they simply do not work. It has happened with the MBT-70 tank. It has happened with ground vehicles like the Gamma Goat. The expensive aircraft carrier program has forced reduction in other Navy vessels. And it is happening with tactical aircraft.

At the current rate of force level decline, it will not be long before the U.S. Navy will not have as many on-line fighters as North Korea or other potential minor adversaries.

That is, we will have fewer on-line fighters than little North Korea. That country, for example, has about 389 Mig 15's and 17's, 108 Mig-21's, a handful of Mig-19's, and 28 SU-7's, not to mention 70 IL-28 light bombers. The 14 U.S. attack carriers carry two fighter squadrons each with 12 unit equipped aircraft per squadron.

At present, these fighters mainly are F-4's which can also double as attack aircraft, a capability that is noticeably lacking in the F-14. Therefore, every addition of F-14's as a replacement to existing F-4's also will have the effect of taking away some offensive firepower from the carrier force. In other words, we are getting less offensive firepower, less combat effectiveness, than we had before -- not more -- and for a greater cost.

The main point, however, has been aptly put by a veteran Navy pilot. We are well along the road, he stated, to buying just one aircraft and letting everyone take turns flying it.

When costs go up, force levels are pushed down and one for one replacement is not possible. This is the real threat posed by the F-14. Evidence about declining force levels comes from Vice Admiral Houser, the Deputy Chief of Naval Operations - Air Warfare.

Admiral Houser has made it clear that the Navy's aircraft procurement program is below that necessary to maintain force levels and has resulted in program stagnation and rapid obsolescing of

aircraft in the inventory. We are buying less than half as many Navy aircraft this year as in 1969. The active inventory is going down dramatically. The F-14 program accelerates this disarmament. Every F-14 purchased at $19 million drives down the force level.

Conclusions

Given the current status of the F-14 program and the ever-changing Navy figures, I can only conclude that this has turned into the most mismanaged application of defense dollars since its ill-fated predecessor, the TFX. Not since the F-111B-TFX-disaster has the Navy so fouled up a major aircraft procurement program. Costs have soared, force levels have plummeted, and the Navy has engaged in a prolonged game of indecision.

The situation becomes even more critical when the forced Marine Corps F-14 purchase is considered. Let me say what many in the Marine Corps are thinking privately: The F-14 will cost Marine lives during a landing. It cannot perform the close support and interdiction function as well as the F-4J's it replaces.

It is essential that some order be brought out of the F-14 mess. The Navy will not do it. The Pentagon will not do it. Congress must do it.

The F-14 should be discontinued both for cost and force level reasons. Continued purchase of the F-14 is an exercise in unilateral disarmament. It will create lower force levels, perhaps to a dangerous degree.

I propose three corrective actions:

First, no further F-14's should be purchased. The existing 134 on order could be distributed, one squadron each on six carriers or two squadrons each on three carriers in high-threat zones. The cutoff of F-14 purchases would save at least $2.6 billion under present planning.

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Second, the Navy should substitute a lightweight fighter for the existing F-4's at an appropriate time in the 1980's when that becomes necessary. Purchase of a $3 million lightweight fighter at a quantity of 500 would permit a savings of about $3.5 billion over a comparable buy of striped-down $10 million F-14's or F-15's. This plane could be a modified YF-16, YF-17, or pure Navy version. Recent studies indicate that a lightweight fighter would have more capability in terms of range and payload capacity than thought in previous years.

Third, in the interim years before a new lightweight fighter comes on line, I recommend continued purchase of the excellent F-4J to upgrade the Navy and Marine Corps inventory.

The combined effect of my recommendations would be to provide a "hi-lo" tactical mix of great versatility at a price at least $6 billion below what the Navy wants to spend, not including continued F-4J acquisitions.

Cost Overruns

The procurement of new and necessary weapons has also run into deep trouble. The GAO has discovered that of the 35 major weapon systems investigated, the cost overruns will be over $29 billion. Another study by the GAO shows that 116 weapons now in various stages of procurement will cost about $53 billion a year for the next six years if you include operation and maintenance financing.

Of course, every cost overrun means that fewer weapons can be bought. It is pure waste and it can be avoided.

The Comptroller General of the United States has presented a major report to the House Armed Services Committee indicating just how this waste can be brought under control.

If we do not move quickly, we will spend ourselves into numerical inferiority.

Troops In Europe

The mystique that a US troop presence of exactly 320,000 men is essential to European security has been convinctly dispelled.

Europe is strong enough to stand on its own. We should provide the nuclear backup, the naval power and some of the weapons necessary for the defense of Europe. But the Europeans should provide the manpower.

At the present time we provide 10% of the NATO ground strength, 25% of the Air Force and 20% of the combined Navies. It costs over $17 billion a year not counting the adverse dollar flow. ($1.5 billion).

But look at the revitalized economy of Europe. When the US first made a military commitment to Europe their Gross National Product was $46.9 billion. Now it is $831.9 billion. But while the US spends 7.5% of our GNP on defense, the Europeans spend about half as much.

They have as many people as the USSR and an economy that is every bit as strong as the Russians. They can afford to pull more weight. If they want more troop strength in Europe let them supply it themselves.

What we need is a stronger NATO alliance. If the Europeans come through with more support, we will get it.

Foreign Military Assistance

Each year the US spends billions for military assistance abroad under the Nixon Doctrine. At least $6 billion was passed around to some 60 countries in fiscal year 1973. Sometimes US weapons are turned against neighbors as in the Indo-Pakistan War when US tanks fought US tanks. Sometimes our weapons are used against the populations of the recipient country to crush rebellion or dissent.

It is one thing to provide critical military assistance to allies in need but quite another to be the gravy train for the military ambitions of every underdeveloped country in the world.

US military assistance should be cut to the bone. It would help relieve a burdensome tax structure and allow us to beef up our forces at home.

The Logistics Tail

Every year the US trains fewer fighting men and more bureaucrats. We are building an army of paper shufflers. With the worst combat to support ration of any major army in the world, the US is faced with an ever more expensive and less capable force. We are getting soft. It would be better to have a smaller elite fighting force than a bureaucratic behemoth.

We are overstaffed at every level. There are more generals and admirals, colonels and captains now than at the height of World War II but we have ten million fewer men in the service.

I recommend that the number of generals and admirals be reduced by thirty percent over three years.

We have over 600,000 military personnel stationed overseas or about 30 percent of total US military manpower. There are 314,000 dependents overseas and we employ 173,000 foreign nationals to work on our 2,000 bases. The cost of American troops abroad is about $30 billion a year.

This kind of bloated defense structure actually reduced our military effectiveness. The Soviet Union does not permit a fighting to support ration of 1 to 10 or overstaffed commands or luxurious accomodations for civilians and military personnel on duty. Why should we?

Too Many Civilians at DOD

There are over 7,300 civilian employees of the Defense Department earning between $27,000 and $39,500 a year. All told

there are 1 million civilians in a defense capacity or about 1 civilian for every two military men. It costs $13.5 billion yearly to pay for these civilians.

To look at it another way, there are as many defense civilians as employees of the Departments of Agriculture, Treasury, Health, Education and Welfare, and Post Office. Many of these positions are unnecessary and simply create layers of bureaucracy that impede decision making. Again we would literally have a stronger military force if we cut this massive Pentagon civilian bureaucracy in half.

The Military Brass Grows Soft

Some--not all--but a sizeable number of high ranking US officers have provided themselves with unbelievable luxuries and special privileges at public expense.

As disclosed by the House Appropriations Committee, high level officers are flying free around the world with confirmed reservations on the Military Airlift Command. In fiscal year 1972 over 336,000 overseas flights alone were made for non-official travel. Lt. Colonels and above get confirmed reservations and have military personnel to handle their baggage, escort them to and from the plane and through customs, and receive ground transportation and guest house privileges.

This is a waste of valuable manpower.

Pentagon brass are afforded privileges that would make any bureaucrat blush with envy. They have 45 limousines with chauffeurs standing by for local transportation and 62 helicopters for longer trips.

Outside the Pentagon, 178 aircraft are assigned to senior officers world-wide at a cost of $39.2 million annually. Many of these are fixed up to VIP standards. One jet recently redecorated by General Jack Catton cost over $760,000. It contains new fixtures,

plush seats, three bathrooms, carpeting and a racing stripe.

Flight pay and disability scandals have rocked the Pentagon. Until this year close to 30,000 officers were collecting flight pay while sitting behind desks. It cost $75.6 million a year. Even with the new legislation stopping some of this, it appears that the Navy is attempting to reinstate many admirals and captains to flight pay status behind the back of Congress.

The disability ploy has been a serious abuse of command authority. In the past eight years 53 percent of all Air Force generals retired on disability even though 77 percent of these received flight pay for hazardous conditions in the six months prior to their disability rating.

In fairness it is true that this tendency is at least temporarily checked by more rigid medical standards.

Wanted: A Lean-Mean Military

None of the problems just mentioned can be rectified by pouring more money into the defense budget. We must have leadership and a return to the old values of quality and efficiency.

The simple truth is we cannot match potential enemies with the internal abuses now existing in our military.

What are the answers? We need a lean-mean military.

First, we should reverse the declining force level trend by purchasing weapons that are cheaper and less sophisticated to operate. Lightweight fighters instead of gold-plated F-14s, reliable battlefield air defense systems instead of the trouble plagued SAM-D, smaller faster Navy vessels like the new surface effect ships and hydrofoils in place of the vulnerable aircraft carrier, one close support aircraft for all three services, tanks that do not take 10 years to develop.

Second, we must insist, as the GAO pointed out, that contractors deliver military goods on time, at specification and without cost overruns.

Third, the size of the armed forces could be reduced by cutting back on the far flung US foreign bases and the excess number of generals, admirals, and civilians.

We need a smaller highly professional fighting force not a bloated monster.

Fifth, high ranking officers must set a better example to the troops. Luxuries can be forfeited without any decline in military capability. We could cut our top heavy staff in half over a five year period.

And last we must recognize that US security rests as much on economic vitality as military might.

The Department of Defense will not correct these abuses by itself. Congress must intervene. More money is not the answer. More efficiency and effectiveness is.

In order to obtain this efficiency and demonstrate Congressional resolve to have these problems solves, I recommend that the Department of Defense Military Functions Outlay budget be held to last year's level.

This modest proposal would not cut back on current spending by the Pentagon but it would limit anticipated spending under the new budget.

Under the provisions of the Continuing Resolution, the Department of Defense may obligate at the rate of last year's budget or the new military budget, whichever is lower. In this case they cannot obligate more than last year's budget.

The effect of the Continuing Resolution is to restrain new obligations to last year's level. It is a hold-the-line approach.

The fiscal year 1973 military functions outlay budget is $74.2 billion.

The Pentagon is operating well within these guidelines at present. Outlays for the month of July 1973 were $5.0 billion compared to $4.98 billion for the same period in 1972.

This means that a ceiling restraining outlays to the fiscal year 1973 level would allow the Pentagon to continue spending at the same rate as at present but not at the new rate proposed. There would be no dollar outlay cut from fiscal year 1973 to fiscal year 1974.

There is reason to believe that the defense budget would provide every necessary need at the $74.2 billion level of last year.

The war is over and our troops are home. A number of authoritative analyses of the budget have concluded that significant cuts could be made which would strengthen national security.

My proposal is far more modest than what any of these studies propose as prudent since it does not require any outlay cuts below last year's level.

There is no reason why the Pentagon cannot operate at the FY 1973 level. Last year the Administration said the budget was rock bottom but sound. With the war over and billions not required for the purpose. surely this same budget now will be enough to provide all defense needs.

STATEMENT OF HON. EDWARD W. BROOKE, U. S. SENATOR FROM MASSACHUSETTS

Introduction

There is a growing sentiment in the United States that believes defense spending is clearly in excess of the levels necessary to maintain our national security and fulfill our obligations throughout the world. This sentiment indicates an increased sensitivity to the need for a rational circumspect defense posture, one which clearly reflects an appreciation of the legitimate demands on tax dollars of non-defense priorities.

Pressures for reductions in defense spending arise for several reasons:

1. Increased demands for spending on socially relevant programs have occurred as a result of the recognition of the large inequalities in the social and economic lives of our citizens. These increased demands have led to pressures for decreases in the defense budget in order to free-up funds to be used to meet our social needs.

2. The Vietnam war and the resulting disillusionment have led many citizens to question and ultimately to criticize the search for security through military means.

3. There is a "general weariness" in America vis-a-vis the level of responsibility the United States has shouldered in the world during the past quarter of a century. This "weariness" has led to a disenchantment with both defense spending, the most evident example of our commitment to the world, and with foreign aid, the second most evident aspect of our world commitment.

4. Finally, the Congress and the American people continue to be concerned about the dangers of a preponderant influence being exerted by what has been vulgarly termed "the military-industrial complex." There is in the American heritage an historical distrust of the military. This distrust, while submerged beneath the patriotic fervor engendered by the Second World War and the resulting Cold War, has now resurfaced and is being expressed in the call for a reduction in defense spending and a cutback of our military commitment overseas. Such distrust, if contained within reasonable limits, is a useful and necessary impediment to any tendencies for aggrandizement on the part of the military. On the other hand, should this distrust be pushed to such an extent as to seriously weaken the morale of our military forces and lead to demands for reductions in defense

spending and defense manpower beneath limits clearly needed to maintain our national security, neither the best interest of the American peoples nor those of our allies will be preserved.

The Basic Requirements of National Security

The growing disenchantment with defense spending and the countering need to ensure defense spending at levels adequate to provide for our national security place increasing pressures on the Congress to assess Administration requests for defense wisely and thoroughly and to avoid the opposite pitfalls of uncritical acceptance of the validity of these requests or "knee jerk" opposition to defense programs regardless of the substantive merits of proffered arguments. To avoid both of these errors, I believe it is important to keep in mind four basic national security requirements that must be met now and in the years ahead.

1. Defense spending must continue at a level that will enable the United States to maintain the credibility of its nuclear deterrent, not only for itself but also for those nations covered by its extended nuclear umbrella. Presently, this entails the need to maintain the integrity of our present triad of strategic forces -- the land based ICBM system, the bomber forces, and the sea-based nuclear submarine deterrent. However, it is erroneous to view the Triad as necessarily a long-term "Holy Trinity." While there continues to be both perceptual and capability justifications for maintaining the Triad intact at present, I believe it is both the responsibility of Congress and the Executive to seriously analyze any suggested programs designed to assure the future integrity of the Triad to determine whether or not the cost benefit-ratio is such to justify continued reliance on the Triad in the long term.

   It is necessary to couple any continuing evaluation of the Triad concept to an ongoing analysis of both Soviet intentions and capabilities vis-a-vis its deterrent posture toward the West. While it is both misleading and potentially dangerous to assume that the Soviet Union follows the same strategic reasoning as the United States, it is also erroneous not to recognize that there is an action-reaction syndrome evident in the superpower nuclear equation. What is needed in the strategic nuclear area is a determination by the United States of what strategy can best be implemented to account for possible Soviet reaction patterns as well as to insure the continued credibility of our deterrent capabilities at a minimum

necessary level of spending. However, we should avoid being the "prisoner" of a strictly action-reaction syndrome in regard to the Soviet Union. It would be "a loser's game" to blindly tie our nuclear strategy to that of the Soviet Union. Therefore, as we allocate resources to insure the credibility of our nuclear deterrent forces, it would be well to question continually whether or not the Triad concept is a necessary component of that credibility or whether we can obtain at least an equal if not an increased deterrent capacity through some other mix of strategic forces.

2. The second requirement that must be fulfilled in our defense spending is the limitation of the opportunities for miscalculation by our adversaries in the conventional military realm. Adherence to this principle is especially important in the aftermath of our withdrawal from Indochina and the increased possibility of miscalculations by our adversaries that might precipitate an unwise initiative or initiatives on their part. The United States must have sufficient conventional military capabilities to insure its capacity to respond to subnuclear confrontations in a credible manner so as to inhibit any adversary from taking steps that might bring about a situation where the choice would be either to react with an excess of force or capitulate and leave the field of contest without a battle. In essence, what must be avoided is a return to a condition where the only choice left to the United States is capitulation or rapid escalation to the nuclear threshold.

3. Our defense capabilities must be maintained at a level that will allow our allies to have continued confidence in U.S. ability to fulfill obligations under our various collective security arrangements. This requires not only the maintenance of the credibility of our extended nuclear guarantee but also the taking of initiatives such as force reductions in Europe only in conjunction and after extensive consultation and agreement with our allies. Precipitous or unilateral actions on the part of the United States, such as a substantial reduction of non-support troops would seriously weaken not only our allies' confidence in our commitment to their security but also the very perceptual climate upon which is based so much of the credibility of our extended nuclear guarantee.

   Ultimately any alliance is based upon trust and the ability of the alliance members to accurately predict the actions of each other. Given this fact, the United States must clearly avoid taking actions which will undermine the element of trust in its collective security arrangements with Western Europe and Japan among others.

4. Finally, our defense spending should have, as one of its fundamental determinants, the objective of maximizing the opportunities for arms control agreements with the Soviet Union and others, should conditions and the attitudes on the part of our adversaries make such negotiations possible. While I do not subscribe to any simplistic "bargaining chip" theory, I do believe that arms control

> possibilities can oft times be enhanced if each side in such negotiations is able to maintain or to achieve a rough parity one with the other. This principle may not be applicable to disarmament, but it appears to be operable in the present context of the more modest attempts at arms control, such as those represented in the SALT I Agreements on ABM and the Interim Agreement on offensive systems. This being the case, the United States should seek to maintain at least a rough perceptual and actual strategic parity with the Soviet Union, one that will provide sufficient incentives for continued superpower efforts to avoid a costly and unwise arms race.
>
> We can achieve little if we have nothing to bargain with and, therefore, we must approach unilateral cutbacks on certain arms systems with a great deal of care. On the other hand, we should avoid spending on strategic weapons that are clearly provocative and appear to reflect a desire for nuclear superiority as opposed to the "sufficiency" principle that supposedly guides our present planning for strategic forces.

Our defense spending must be at levels necessary to insure that these requirements are met. On the other hand, spending in excess of that necessary to meet these requirements is both unjustified and unwise in view of our other pressing demands.

Alternative Approaches To Achieving Justified Defense Spending

In analyzing the defense budget to determine what, if any, cutbacks are justified, two general approaches can be taken. First, one can adopt what can be termed the "ceiling" approach. This entails an assumption that the multitude of factors that must be taken into account in determining what is and is not a justified defense expenditure are so complex that the Congress, at present, simply does not have the expertise, the information resources, or the staff adequate to examine the pros and cons of spending on all procurement items or a specified level of manpower. Therefore, from this point of view the only feasible means to effect a cutback in spending is to set a "ceiling" on the amount of funds that can be spent in a general category such as military procurement and then instruct the Defense Department to determine the allocation of funds

within that category. This is the approach taken by many in examining FY74 defense spending requests.

The other approach to defense budget analysis is to determine whether or not specified amounts for identified programs or weapon systems are justified. Naturally, a high degree of defense expertise is needed to evaluate the defense budget in this manner. This approach would be the preferable one for a Congress that truly desires to assume a relevant and intelligent role in planning for our national security needs and in determining the extent of spending necessary to maintain a relevant and credible defense posture in our increasingly complex world. It is the approach I hope will become increasingly evident in the years ahead.

Reduced Defense Spending -- The Possibilities

The FY74 defense budget can be divided into three general categories for analysis. The first category is "War Prosecution Expenses," i.e., the continued expected expenditures for aid to South Vietnam and the other countries of Indochina. The Administration has requested $2.9 billion in the defense budget to finance continued aid to the government of South Vietnam and to Laos. This figure was arrived at prior to the signing of the Paris Peace Accords in January of this year, and was thus predicated upon the assumption of continued wide-spread conflict throughout these countries. However, the United States has now withdrawn from military engagement in Indochina. Moreover, there has been a scaling down but, unfortunately, not a cessation of the conflict in both Laos and South Vietnam. Thus, it appears that the requirements of the South Vietnamese and the Laotian Governments vis-a-vis replacement of military equipment and ammunition will be substantially less than originally contemplated in the DOD request.

Therefore, it is possible to reduce the $2.9 billion request for Indochina down to not more than $1 billion.

The second general area of defense spending in the FY74 budget is that of weapons procurement and maintenance. A further categorization of this area into strategic armaments and conventional forces facilitates analysis of proposed expenditures where cuts should occur.

Strategic Forces

B-1 Strategic Bomber -- The basic premise behind the Air Force's request for funds to continue research and development on the B-1 Bomber is that the manned bomber would be a useful strategic attack system for the next quarter of a century. Given the accelerated pattern of technological innovation in military systems as well as in other areas, I find it a highly questionable premise upon which to base an expenditure of many millions of dollars for a weapons system that does not or will not give the United States an appreciable greater ability to deter and/or circumvent military attacks or pressures upon itself. In addition, it must be noted that our present B-52 forces have a useful life well into the 1970's and should continue to provide an adequate leg of the Triad for that period of time. Thus, the B-1 is unnecessary at this time and further work on it should be deferred until events clearly show that a follow on to the B-52 is needed. A deferral of work on the B-1 would result in FY74 savings of approximately $473.5 million.

Safeguard Anti-Ballistic Missile Defense System -- Under the terms of the ABM Agreement in SALT I, the efficacy of and logical justification for continued and extensive outlays on the Safeguard ABM System have been eroded. That we should continue funding a program that will be outdated by the time it is completed is a highly questionable proposition. Therefore, I recommend a significant cutback in funding requests for finishing the ABM System that is to be located at Grand Forks, North Dakota. This cutback should be of such a magnitude as to allow only the minimum amount for finishing up construction presently underway. The Administration has requested $401.5 million for safeguards this year. I believe this amount could be cut by 2/3 which would leave approximately $130 million to wind up the work at Grand Forks, North Dakota.

ABM Site Defense Research -- While research should continue on advanced technology in the Ballistic missile Defense area, it should be at a pace commensurate with the spirit as well as the letter of the ABM Treaty. The $170.1 million asked for by the Administration for site defense research appears excessive when judged against this criterion. Therefore, I recommend that RDT&E for site defense should remain at the same level as last year -- that is at $100 million.

Conventional Weapons

Nuclear Attack Carrier (CVN-70) -- the nuclear powered aircraft carrier is one of the most expensive and in any form of superpower exchange would also be one of the most vulnerable pieces of military equipment possessed by the United States. At present, the estimated cost of CVN-70, the newest anticipated addition to our nuclear carrier forces is $1 billion. However, to this must be added the cost of the aircraft, the escort ships and the supply ships required to keep the carrier going. Therefore, the ultimate cost of a CVN-70 task force would be considerably higher. I have seen no convincing evidence of the need to expend this amount of funds for a weapon system that is clearly not needed at the present time. Therefore, the ultimate cost of a CVN-70 task force would be considerably higher. I have seen no convincing evidence of the need to expend this amount of funds for a weapon system that is clearly not needed at the present time. Therefore, I recommend a deferral of the start of construction on this carrier until further studies have been made as to whether or not it is a needed component of our naval forces. Such a deferral would save the $657 million requested for this system in FY74.

Airborne Warning And Control System (AWACS) -- The AWACS' original purpose was to track strategic targets for fighter aircraft and to facilitate interception of the same. Given the small Soviet bomber threat to the United States, it has become evident that the Air Force is now looking upon AWACS' mission as essentially one of coordinating airborne surveillance command and control and communications systems in various tactical situations. However, there has been insufficient study of the alternatives to this method of providing for future command and control functions in a conventional engagement. Therefore, I believe that extensive funding for either research on or procurement of AWACS is not justified at this time. Therefore, funding in this area should be sharply reduced and expenditures should be oriented toward further defining the possible mission of such a system and whether or not such a mission can be more fully accomplished at less expense by alternative means.

F-14A Carrier Based Fighter Aircraft -- There are sufficient indications that this most costly aircraft system will be unable to fulfill all the complex jobs that is to be assigned to it. Its basic purpose is, of course, to defend aircraft carriers. At present its per unit cost projections run from $16 million to $23 million (including the Phoenix Missile designed specifically for the F-14). Moreover, it appears that cutbacks in quality due to the unexpected escalation of per unit costs have made the new F-14 similar in capabilities to the F-4 which it is to replace. Therefore, I feel that a deferral of further procurement of the F-14 is justified at this time, pending an examination of whether

much less expensive aircraft can fulfill the same basic mission now contemplated for the F-14. The Administraiton has requested $572 million for the total F-14 package for FY74. I believe that F-14 procurement should be cut back to a level of not more than $200 million, which will allow for the winding down of the program.

Further cuts may be possible in the multitude of weapons systems currently being funded by the Defense Department. The cutbacks I have suggested here are indicative of my thinking as to the areas within which cuts can occur without jeopardizing adherence to the general principles of national security that I have outlined previously in my remarks.

Manpower Costs

The third category of defense spending is that of personnel costs Spending in this area has escalated to such an extent that these costs now account for over 56 percent of the defense budget. As we continue the all-volunteer armed forces experiment, there is little likelihood that this trend will change.

The rise in manpower costs has occurred at a time when manpower levels have been drastically reduced. In FY68 there were 3.55 million men in the armed forces whereas by June 1972 active force strength was down to about $2.32 million. In the same period, defense manpower costs rose from $32.6 million in FY68 to $42.8 million in FY72. Thus, we are paying significantly more per unit now than previously.

An item-by-item approach is inappropriate in assessing the possibilities of manpower cost cutbacks. Rather, one deals with the manpower question in terms of possi' various categories. Using this approach, I suggest that cuts along the lines of the following could be made without weakening our defense capabilities:

- 5% to 10% reduction in military support personnel
- 10% reduction in civilian personnel
- Moderate reductions in officer levels (the grade creep problem)

Estimates as to possible savings that could occur if such reductions were implemented are only "ballpark" figures at best. For instance, one study has estimated that as much as $2.4 billion could be saved in this manner. Whether or not this is the case remains to be seen. Nevertheless, significant savings can be effected through judicious reductions in non-essential military and civilian manpower.

Conclusion:

If all the cutbacks I have advocated in these three areas -- war prosecution, procurement and manpower -- were made, an approximate cost savings of $4 billion to $5 billion could be effected in defense spending. Such savings would not, I believe, entail a jeopardizing of our basic national security interests. In effecting them the Congress would exhibit its intent to provide defense funds at levels commensurate with the threats we face while at the same time ensuring that the maximum amount of funds possible are made available for non-defense programs.

STATEMENT OF HON. JOHN TOWER, U. S. SENATOR FROM TEXAS

MR. CHAIRMAN:

I appreciate being given the opportunity to submit to this Committee testimony on the defense budget request for Fiscal Year 1974. Although I am of course interested in all aspects of the defense budget, I should like to concentrate on eight items that will be before you for consideration: Trident, CVN-70, the A-7D, the F-111F, the B-1, the F-15 engine situation, the Light Weight Fighter, and SAM-D.

Trident promises the longest term survivability after an enemy first strike, with assured retaliation. It is not, therefore, destabilizing and should be an asset to us in the second round of SALT. Trident will be the least vunerable of all presently conceived U.S. strategic systems to the broad spectrum of credible future threats to our deterrent.

Mr. Chairman, it is clear to me that we should proceed with the Trident at the accelerated rate. The Soviets currently have thirty Yankee Class submarines operational and under construction. They have also under construction a new Delta Class submarine with twelve missiles. These new missiles have a much longer range than anything previously in their inventory and in a sense are the Soviet version of the Trident. These developments place an increased threat to our land-based deterrent, which concommittently increases our reliance upon the sea-based strike force.

The United States has forty-one nuclear ballistic missile submarines built between 1958 and 1967. The oldest of these will be reaching its twenty year safe life span by the time the first Trident enters the fleet. Despite the contentions of those wishing to slow down of the program, the Polaris fleet is wearing out. The ships have been operated hard, with two crews to keep them at sea longer. It is not realistic to

expect them to operate longer than twenty years without a substantial risk of major breakdown or accident.

Our Polaris submarines have a limited area in which to patrol. Because most Soviet targets are far from the bodies of water from which the boats must launch their missiles, the restricted range of the Polaris also restricts the areas in which the Soviets must search to find and attempt to destroy the ships. The Soviets have invested considerable sums in anti-submarine warfare and there is evidence that the Soviets are attempting to create a surveillance system to track our Polaris submarines. Arguments that the current fleet is not vulnerable and that the Poseidon and Trident retro-fit, should it occur, will continue to be invulnerable are of course speculation. Personally, I do not want to risk the survival of the United States if there are steps we can take to eliminate that risk. Trident acceleration will do just that.

The Fiscal Year 1974 budget request contains $657 million for the final increment of funding for our fourth nuclear-powered aircraft carrier, CVN-70. CVN-70 will be a truely impressive ship--the most capable, powerful carrier we can buy. This is a vital point, for the size of our carrier fleet has been reduced from 25 to 15 in ten years and we must ensure that every carrier we have packs the most powerful punch it can. In fact, by the time CVN-70 reaches the fleet, our WWII carriers will have hit their 30 year life limit and the carrier force will be reduced to 12.

The argument is often made that carriers are very vulnerable but this is simply not the case. CVN-70 will be the least vulnerable ship ever designed, with heavy armor plating to protect against conventional bombs and missiles. The ship also features an improved hull design to protect against torpedoes. Redundancy in terms of 2,000 watertight compartments

and duplicate command and control will allow continued operations in spite of damage.

A 1969 accident aboard the Enterprise shows the carriers' strength. The ship withstood explosions equivalent to six cruise missiles and yet could have launched and retrieved aircraft within a matter of hours had it been deemed necessary.

I would note that those who argue the vulnerability issue seem to ignore the fact that a carrier seldom operates alone. It is normally escorted by frigates, cruisers, destroyers or submarines. Assuming that the enemy could even locate such a force in the wide expanse of the seas, he would still have to penetrate these escorts, the aircraft of the carrier, and terminal defenses before even hitting the carrier itself.

Of course, nothing is invulnerable. It is possible to sink carriers. But land-based aircraft and their airfields are fixed, known locations. They are even more vulnerable than the carrier when mobility is considered, for they can be destroyed as easily by bombs and missiles. I would hope this Committee will recognize the value of a mobile airfield that has a variety of responses ranging from showing the flag to nuclear strikes. I urge approval of the CVN-70 request.

A third item of special interest to me was an addition by the Senate Armed Services Committee of $70.1 million for twenty-four A7-D aircraft. Mr. Chairman, our Subcommittee on Tactical Air Power received considerable testimony this year on the question of close air support aircraft. The conflict between supporters of the new Air Force candidate, the A-10, and of the current Air Force plane, the A-7D is well known.

Plans exist to end production of the A-7D with the 1973 buy and phase that aircraft into the Air National Guard as it is replaced by the A-10. This latter aircraft is designed to fly at slower speeds and low altitude. It depends upon increased armor to protect the pilot from the necessarily higher number of

hits it will take. The A-10 is supposed to keep the target in sight by its high maneuverability. These are largely unproven concepts and the aircraft will not be in the Air Force inventory until 1977.

On the other hand, the A-7D has flown in combat. Its delivery system has been tested, not simply on ranges, but under the most adverse conditions of combat. The high speeds of the aircraft allow it to get in and out of the area of anti-air defenses quickly, rendering it high survivability.

In view of these facts, the Committee felt it prudent to continue funding the A-7D until an objective fly-off is conducted and the A-10 is proven by such a fly-off, rather than a paper (computer) study. I urge the Appropriations Committee to support this decision which includes a denial of $50 million in the A-10 for four R&D aircraft and all money requested for production.

Another item of interest to me is the B-1 program. The structure of the first airplane is about ninety percent complete and the installation of subsystems about forty per cent finished in this the fourth year of the development contract. Early next year the aircraft is scheduled for a roll-out. Yet, once again Congress talks of ending funding for the B-1. It is true that there has been a program slippage, but the choice had to be made whether to slip the program or have a large cost overrun. I believe the right choice was made. If significant cuts are made by Congress in the B-1 program, I believe further, disastrous slippages would occur and the possibility of significant cost overruns would increase. Congress would, in fact, create the very situations is so heartily criticizes.

Some who argue that the manned bomber is outmoded or that there is no real hurry in producing a replacement for the aging B-52, simply do not understand what can happen in the five year lead time required before the B-1 will start entering the force

structure. Five years ago the United States faced a growing Soviet strategic force, but we still had strategic superiority. Today, we trail the Soviets two to three in ICBM's and three to four in the number of SLBM's allowed in SALT. In fact, we trail the Soviets one to four in total nuclear firepower delivery capability.

The Soviets have already developed a swing-wing long range bomber--the Backfire. And the Secretary of Defense recently announced the Soviet testing of a MIRV, which eventually could give their SS-9's a terrifying capability. The Soviets have begun construction of a 4,000 mile missile and a Delta-class submarine similar to our concept of the Trident. They have under development a set of three new ICBM's with perhaps a mobile version. They have developed a much more accurate stellar inertial guidance system for improved warhead accuracy.

These developments show the urgency of moving ahead with not only Trident to which I referred earlier but also with the B-1--the only type of system not covered in the SALT agreements. I hope this Committee shares the sense of urgency I feel.

In the meantime, however, I believe we must continue funding the F-111F. Obviously, that particular variant is not a competitor to the B-1. But as long as we maintain that production line, we will have the option of producing an FB-111F or a modified version of it. Of course, I recognize that the F-111 in any real sense is not a competitor for the B-1. It can never do all the things the B-1 can and so, in my estimation, we must proceed with the B-1. But my views are not always shared by my colleagues on the Hill and the possibility exists that Congressional action, or some unforseen problem, could end the B-1. In that case, I would prefer, and I think any prudent defense planner would agree, to have the option of procuring a somewhat less capable strategic aircraft.

If that were the only reason to procure F-111's, I might agree that the costs would not be justified. But, Mr. Chairman, it is not the only reason for buying more F-111F's. We need to replace aircraft lost in Southeast Asia. The F-111 proved itself in that conflict and validated the concept of all-weather, day/night bombing. Its range/payload capability makes it the finest interdiction aircraft in the world and I need not dwell on the importance of interdiction to keeping enemy men and supplies from reaching the front lines. Continued procurement of the F-111F adds immeasurably to our conventional bombing capability.

I would like to turn now to a sixth subject which is of special concern to me--the F-100 Pratt and Whitney engine. The Air Force has demonstrated an exceptional performance record with this engine in the F-15 flight test program. It has undergone hundreds of hours of inflight testing and thousands of hours of ground testing, including the successful completion of a very strenuous endurance test. The revision of the test criteria for the 150 hour endurance test, only one of several demonstration milestones, was carefully considered by the Program Director following identification of a design deficiency which required modification of the fan stator assembly.

The design, development, and ground test portion of the Pratt Whitney F-15 engine contract, like most such contractual effort today, is cost reimbursable. This means nearly all costs of development and testing, including the cost of redesigning and testing the stator assembly, will be borne by the Government. While the Government will incur some additional cost because we must perform an additional endurance test on the engine with the modified fan stator assembly, I believe the Air Force decision to further test the engine is a prudent management action.

The F-15 must be considered as a total weapon system. Although the F-100 engine is slightly deficient in some desired characteristics, this is counterbalanced by the F-15 airframe, which provides characteristics superior to those originally envisioned. This match of engine and airframe is meeting the performance goals desired by the Air Force. I feel it would be unwise to devote additional funds to squeeze the last bit of performance out of the engine when it is not required.

Of particular concern to me in connection with the F-100 engine is a seventh program, the Light Weight Fighter, and especially the YF-16 prototype. The Light Weight Fighter is an effort that shows great promise towards reversing the trend of ever more expensive weapons by providing a high performance airplane at a low cost.

But the House reduced the program by $6.5 million. The Senate Armed Services Committee left the original program of $46.5 million intact. The reduction, although seemingly small, will have a major impact on the YF-16 prototype, the other version, the YF-17, remaining untouched. My understanding is that the House cut was based on a misapprehension about possible engine problems on the YF-16. The same engine, the Pratt and Whitney F-100 engine, will be used in the YF-16, as in the F-15. While this engine has developed some difficulties, all of the trouble has been at the upper level of performance required by the F-15. There has been no trouble at all at the lower performance level required by the YF-16. Interestingly, the performance for the engine for the other Light Weight Fighter, the YF-17, is almost totally unknown. It is in early development stages and will have no flight test time until the first flight of that airplane, yet the $6.5 million reduction in LWF funds will have no effect on that program, since it is funded elsewhere in the budget.

The scope and pace of the Light Weight Fighter program are set by the availability and amount of funds as set forth in current contract. Any change in these funds will cause the contract to be subject to renegotiation, cause an estimated 5 month stretchout in the schedule and result in an increase in the total cost of the program of about $5 million. This is a most disturbing prospect when one considers that the YF-16 is on schedule, under budget and on the mark technically--a very refreshing situation in this age of cost overruns and production delays. As a matter of fact, the reduction in funding proposed by the House appears to be the only thing which might force the program into a cost overrun and seriously slow down our only hope for a less expensive high performance fighter aircraft.

Finally, I would like to bring to the Committee's attention the SAM-D program for an advanced Army air-defense missile. Some have argued that SAM-D is not needed, that the Improved Hawk program will provide for the Army's air defense needs. But, Improved Hawk is not a new missile system. Actually, the only new items of Improved Hawk are the missile, information coordination central and the improved platoon command post. The most modern additions possible have been built into the original system, but Hawk is reaching the end of what can be done to improve it. In contrast SAM-D is a new missile system, employing the latest in technology. The multifunction phased array radar, the digital computer to automatically control the system functions and a combination guidance system are examples of this technology. By the 1980's the antiquity of the equipment and the continued Soviet technological advances will combine to render the Improved Hawk system only marginally effective. Electronic countermeasures will be massively employed against our air defense systems. By the very nature of its dated electronic components, Improved Hawk will not have the capabilities to adequately counter this electronic barrage.

On the other hand, SAM-D offers this ability at the least possible cost.

SAM-D has the firepower, multiple engagement capability and fast reaction time to cope with the increasing sophistication of the target of the 1980's and beyond. SAM-D can survive on the battlefield, will require several thousand fewer personnel and require less support than existing air defense systems.

SAM-D has decreased in total cost during the past year. The Army has reduced the program cost of SAM-D from the $5.2 billion as refected in the 31 March 1972 selected acquisition report to $4.5 billion reflected in the 31 March 1973 selected acquisition report. The reduction is as a result of new guidance from the Secretary of Defense on continental air defense objectives and the Army review of ground support equipment and missile requirements. In all, these reductions have resulted in a program decrease of approximately $758.5 million.

Improved Hawk is a good weapon system for now, and it will do its job in its life span. But that span will draw to a close, and we will need a better, more potent air defense missile system--and that system is SAM-D. Because of the classified nature of much of the materiel regarding SAM-D and because comments on this materiel are essential to an adequate review of the program, I am submitting under a separate cover information responding to certain criticisms made of the system.

Mr. Chairman, that concludes my testimony. But I would like to remark that the United States has spent billions of dollars and tens of thousands of the lives of her sons in the defense of freedom in the past quarter century. There has not been any large-scale aggression as a result of our preparedness. To yield now to the temptation for further cuts in an already austere budget would be the utmost folly.

STATEMENT OF HON. WILLIAM D. HATHAWAY, U.S. SENATOR FROM MAINE

Mr. Chairman and members of the subcommittee, thank you for the opportunity to present my views on the F-Y 1974 Department of Defense budget.

At this time of nagging economic problems of inflation and huge federal deficits, there is no issue of more concern to the taxpayer—and to us as elected representatives of the taxpayers—than the concern over the level of federal spending, and the allocation of federal monies being spent. The taxpayer sees the cost of his food, of his housing, his fuel and other basic commodities soaring out of reach. He hears talk of the need to cut back on federal programs, and hears that the Administration's F-Y 1974 budget will do just that. But if he looks beyond the hearsay at the facts, he sees that the Administration's plan is to wield an ax on a number of domestic, "people oriented", programs, without even applying a scalpel to the military budget. Indeed, the Administration's budget calls for pouring $87.3 billion into defense outlays, $5.6 billion more than last year—and AFTER the Vietnam peace agreement has been signed and all our troops withdrawn.

It is my strong belief that the scalpel must be applied to the military budget, and it is left for the Congress to perform that very delicate operation.

It is a delicate and difficult operation, but one that must be performed if we are to take a balanced approach in meeting all of our needs. Military preparedness is only one aspect of our true "national security" posture, for that security involves more than a military definition. Unless we solve the inflation crisis, the health crisis, the environment crisis and a number of other problems directing affecting our citizens, than we as a nation will not be "secure", despite sophisticated weapons and troops ready to do battle.

It is time to move towards better balance between expenditures to meet external fears and expenditures to meet the challenges caused by internal neglect.

For many years this balance has been weighted on the side of defending against foreign dangers—real or presumed, immediate or projected. Witness the "2½" war contingency theory, whereby our defense posture is geared to fight simultaneously a NATO war, a Red Chinese war, and a small war in the Western Hemisphere. Military practices and expenditures based on such an outdated foreign policy are the reason why the cost of the Defense Department towers above all other expenditures.

My study of the Department of Defense budget request has led me to believe that there are a number of areas where the fiscal scalpel can be applied without seriously injuring our national defense posture. I would like to enumerate some of those areas:

In the area of manpower, significant savings would result from reducing our troop commitments abroad, where we maintain nearly 2,000 bases, installations and properties, 600,000 troops and 365,413 dependents; approximately 170,000 foreign civilians are on the DOD payroll to support U.S. troops overseas. The estimated cost of keeping our troops abroad is $30 billion. Substantial savings would result from cutting back by ½ on our troops stationed abroad. Many of the troop commitments are now an anachronism of past crisis and past conditions. For one thing, the availability of rapid transportation suggests that troops don't need to be on site to constitute a valid deterrent.

It is my belief that bringing home a substantial number of our troops over a 2 or 3 year period would not hurt our military security, and would greatly aid our economic security by greatly improving the balance of payment situation.

Elimination of the military "grade creep" by reverting to the officer structure and permanent ranks structure that prevailed in 1964 would mean a substantial savings to the taxpayer. It is estimated that the cost of maintaining the present bloated officer grade structure is $2 billion greater than it would be had the F-Y 1964 distribution been maintained. There are more star generals in 1973 than in 1945, when the Army was 10 times larger.

Elimination of the military servants program, which cost the taxpayer an estimated $21.7 million, would result in substantial savings, and would allow the enlisted men involved to perform the military functions for which they were recruited, rather than tending the garden or the bars of top brass.

Mr. Chairman, in my remarks today I have focused on some of the manpower expenditures in the DOD budget. I know that you have heard extensive testimony from other witnesses on this subject, and on particular weapons systems as well. In considering all of the testimony, I am hopeful the Committee will draft a defense appropriation bill that takes a balanced view of our national security needs.

I congratulate the Members of the Defense subcommittee for their extensive consideration of the issues involved in funding our national defense needs. For too many years the checkbook has been open for military expenditures, and much waste and inefficiency have resulted. The latest GAO report shows that the cost overruns on 45 major weapons systems amount to $31.5 million. I believe these hearings are but one indication that loose thinking and loose spending of this kind will no longer find acceptance in the Congress and the nation simply because they are packaged as national defense.

Thank you for allowing me to express my views.

SUBCOMMITTEE RECESS

Chairman McClellan. All right, thank you very much.

We will have another day.

[Whereupon, at 12:40 p.m. Thursday, September 13, the subcommittee was recessed to reconvene at the call of the Chair.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1974

THURSDAY, OCTOBER 4, 1973

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m., in room S–126, the Capitol, Hon. John L. McClellan [chairman] presiding.

Present: Senators McClellan, Young, and Hruska.

DEPARTMENT OF DEFENSE

STATEMENT OF FRED P. WACKER, DEPUTY ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

REVISED BUDGET REQUESTS

Chairman MCCLELLAN. The subcommittee will come to order.

On September 21, the President transmitted proposed amendments to the budget request for appropriations for the Department of Defense for fiscal year 1974.

The proposals, amounting to $168.9 million, do not add to the budget totals for the Department of Defense shown in the January budget since the allowance for contingencies for the Department will be reduced by an equal amount.

The amendments will add $126.5 million to those appropriations which are considered by this subcommittee, making a revised total of $77,250,723,000.

BUDGET AMENDMENT REQUEST

At this point in the record there will appear House Document 93–155, submitting proposed amendments to the Department of Defense appropriations requests for fiscal year 1974.

[The document follows:]

93D CONGRESS } HOUSE OF REPRESENTATIVES { DOCUMENT
1st Session } { No. 93-155

PROPOSED AMENDMENTS, REQUEST FOR APPROPRIATIONS, DOD, 1974

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

PROPOSED AMENDMENTS TO THE REQUEST FOR APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE—MILITARY, FOR FISCAL YEAR 1974

SEPTEMBER 24, 1973.—Referred to the Committee on Appropriations and ordered to be printed

THE WHITE HOUSE,
Washington, September 21, 1973.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I ask the Congress to consider amendments to the request for appropriations for the Department of Defense—Military, transmitted in my proposed budget for fiscal year 1974.

These proposals, amounting to $168,900,000, do not add to the budget totals for the Department of Defense shown in the budget that I transmitted to the Congress on January 29, 1973, since the allowance for contingencies for the Department will be reduced by an equal amount.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget, with whose comments I concur.

Respectfully,

RICHARD NIXON.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., September 21, 1973.

THE PRESIDENT,
The White House.

SIR: I have the honor to submit for your consideration amendments to the request for appropriations transmitted in the Budget for the fiscal year 1974 for the Department of Defense—Military.

The purpose of these amendments is to assure, to the extent possible, that funds appropriated for FY 1974 are made available in the appropriation categories where now needed. Increases in the scope of programs are not included. Petroleum and food price increases and currency revaluation account for the major increases. The offsetting decreases are derived primarily from savings due to program slippages or cost reductions recently experienced, Congressionally directed active duty strength authorization changes, and reductions in lower priority programs.

While the net result of these amendments is an increase of $168,900,000 in appropriations, the total estimate for the Department of Defense-Military will not be increased from the January Budget. This results from the fact that the totals shown in the Budget for the Department of Defense-Military include allowances for the cost of certain legislation proposed for enactment and other allowances, such as pay raises. Appropriation requests under these allowances have not previously been transmitted. A reduction in the amount of the allowances of $168,900,000 is now possible because costs covered by the allowances are less than expected in January.

These amendments encompass changes for the Military Assistance Service Funded program which redistributed $123.6 million among several appropriations. We concur with these changes which were discussed previously with applicable Committees of the Congress.

In addition, the amount of the limitation for overseas dependents education is increased to reflect increased costs due to the currency revaluation.

Details of these proposed amendments are contained in the enclosure to this letter. I have carefully reviewed the proposals and am satisfied that they are necessary at this time. I recommend that these proposals be transmitted to the Congress.

Respectfully,

ROY L. ASH, *Director.*

DEPARTMENT OF DEFENSE

MILITARY

Budget appendix page	Heading	1974 request pending	1974 proposed amendments	1974 revised request
	MILITARY PERSONNEL			
267	Military personnel, Army	$7,175,000,000	$36,400,000	$7,211,400,000
268	Military personnel, Navy	5,299,000,000	56,600,000	5,355,600,000
269	Military personnel, Marine Corps	1,541,100,000	14,700,000	1,555,800,000
269	Military personnel, Air Force	6,925,600,000	6,900,000	6,932,500,000
271	Reserve personnel, Army	496,500,000	−32,800,000	463,700,000
273	National Guard personnel, Army	611,000,000	−23,900,000	587,100,000
	OPERATION AND MAINTENANCE			
276	Operation and maintenance, Army	6,331,100,000	70,600,000	6,401,700,000
	Limitations on the amounts available for:			
	Strategic forces	(106,929,000)	(−2,347,000)	(104,582,000)
	General purpose forces	(1,541,218,000)	(127,572,000)	(1,668,790,000)
	Intelligence and communications	(303,181,000)	(8,497,000)	(311,678,000)
	Central supply and maintenance	(1,804,318,000)	(23,514,000)	(1,827,832,000)
	Training operations and other general personnel activities	(1,064,132,000)	(49,801,000)	(1,113,933,000)
	Medical activities	(635,068,000)	(−34,104,000)	(600,964,000)
	Administration and associated activities	(333,572,000)	(1,112,000)	(334,684,000)
	Support of other nations	(542,682,000)	(−103,445,000)	(439,237,000)
277	Operation and maintenance, Navy	5,903,800,000	252,900,000	6,156,700,000
	Limitations on the amounts available for:			
	Strategic forces	(333,490,000)	(4,026,000)	(337,516,000)
	General purpose forces	(2,257,793,000)	(150,055,000)	(2,407,848,000)
	Intelligence and communications	(301,256,000)	(4,679,000)	(305,935,000)
	Central supply and maintenance	(1,969,157,000)	(108,202,000)	(2,077,359,000)
	Training operations and other general personnel activities	(452,723,000)	(8,004,000)	(460,727,000)
	Medical activities	(358,015,000)	(7,651,000)	(365,666,000)
	Administration and associated activities	(179,185,000)	(583,000)	(179,768,000)
	Support of other nations	(52,181,000)	(−30,300,000)	(21,881,000)
278	Operation and maintenance, Marine Corps	404,700,000	12,300,000	417,000,000
	Limitations on the amounts available for:			
	General purpose forces	(211,423,000)	(5,139,000)	(216,562,000)
	Intelligence and communications	(819,000)	(70,000)	(889,000)
	Central supply and maintenance	(95,244,000)	(6,385,000)	(101,629,000)
	Training operations and other general activities	(67,586,000)	(206,000)	(67,792,000)
	Administration and associated activities	(29,628,000)	(500,000)	(30,128,000)
279	Operation and maintenance, Air Force	6,515,000,000	202,100,000	6,717,100,000
	Limitations on the amounts available for:			
	Strategic forces	(1,064,852,000)	(89,702,000)	(1,154,554,000)
	General purpose forces	(921,730,000)	(112,740,000)	(1,034,470,000)
	Intelligence and communications	(518,765,000	(13,578,000)	(532,343,000)
	Airlift and sealift	(174,199,000)	(5,041,000)	(179,240,000)
	Control supply and maintenance	(2,330,227,000)	(24,231,000)	(2,354,458,000)
	Training operations and other general personnel activities	(555,279,000)	(17,612,000)	(572,891,000)
	Medical activities	(385,618,000)	(1,780,000)	(387,398,000)
	Administration and associated activities	(212,363,000)	(2,650,000)	(215,013,000)
	Support of other nations	(351,967,000)	(−65,234,000)	(286,733,000)
282	Operation and maintenance, Army Reserve	258,800,000	1,600,000	260,400,000
283	Operation and maintenance, Navy Reserve	166,500,000	8,900,000	175,400,000
284	Operation and maintenance, Air Force Reserve	225,600,000	2,000,000	227,600,000
284	Operation and maintenance, Army National Guard	536,600,000	3,400,000	540,000,000
285	Operation and maintenance, Air National Guard	518,400,000	6,100,000	524,500,000
	PROCUREMENT			
289	Missile procurement, Army	599,900,000	−30,400,000	569,500,000
290	Procurement of weapons and tracked combat vehicles, Army	253,000,000	−15,000,000	238,000,000
291	Procurement of ammunition, Army	1,250,200,000	−111,300,000	1,138,900,000
291	Other procurement, Army	582,800,000	−30,900,000	551,900,000
293	Aircraft procurement, Navy	2,958,300,000	−30,800,000	2,927,500,000
294	Weapons procurement, Navy	942,000,000	−8,600,000	933,400,000
295	Shipbuilding and conversion, Navy	3,901,800,000	−147,700,000	3,754,100,000
298	Procurement, Marine Corps	182,000,000	−2,000,000	180,000,000
299	Aircraft procurement, Air Force	2,912,800,000	−6,000,000	2,906,800,000
300	Missile procurement, Air Force	1,573,200,000	−53,600,000	1,519,600,000

DEPARTMENT OF DEFENSE—Continued

MILITARY

Budget appendix page	Heading	1974 request pending	1974 proposed amendments	1974 revised request
	RESEARCH, DEVELOPMENT, TEST, AND EVALUATION			
305	Research, development, test, and evaluation, Army	2,108,700,000	−13,500,000	2,095,200,000
307	Research, development, test, and evaluation, Air Force	3,212,500,000	−20,500,000	3,192,000,000
308	Research, development, test, and evaluation, Defense agencies	500,400,000	−21,000,000	479,400,000
	MILITARY CONSTRUCTION			
310	Military construction, Army	664,900,000	4,300,000	669,200,000
	FAMILY HOUSING			
317	Family housing, Defense	1,250,567,000	31,100,000	1,281,667,000
	Limitation on the amount available for: Operation and maintenance	(667,616,000)	(31,100,000)	(698,716,000)
319	Homeowners assistance fund, Defense	0	7,000,000	7,000,000
	(Insert the following paragraph under the above heading:) *For use in the Homeowners assistance fund established pursuant to sec. 1013(d) of the Demonstration Cities and Metropolitan Development Act of 1966 (Public Law 89-754, as amended) $7,000,000.*			
	GENERAL PROVISIONS			
340	Sec. 707(a): Limitation in sec. 707(a) on the amount available for primary and secondary schooling of minor dependents of military and civilian personnel of the Department of Defense in overseas areas	(187,114,000)	(9,500,000)	(196,614,000)

SUMMARY OF BUDGET AMENDMENT

Chairman MCCLELLAN. Also at this point there will be included a summary of the net effect of the budget amendments by appropriation title, as prepared by the staff.

[The information follows:]

BUDGET AMENDMENTS, DEPARTMENT OF DEFENSE - MILITARY FY 1974

Appropriation Title	Original	Amendment	Amended Request
Military Personnel	$22,648,600,000	+$ 57,900,000	$22,706,500,000
Retired Military Personnel	4,705,900,000	--	4,705,900,000
Operation and Maintenance	22,405,423,000	+ 559,900,000	22,965,323,000
Procurement	18,806,400,000	- 436,300,000	18,370,100,000
Research, Development, Test, and Evaluation	8,555,300,000	- 55,000,000	8,500,300,000
Special Foreign Currency Program	2,600,000	--	2,600,000
Subtotal, Defense Bill	(77,124,223,000)	(+126,500,000)	(77,250,723,000)
Military Construction	1,787,500,000	+ 4,300,000	1,791,800,000
Family Housing	1,150,400,000	+ 38,100,000	1,188,500,000
Civil Defense	88,500,000	--	88,500,000
Offsetting Receipts	- 95,100,000	--	- 95,100,000
Trust Funds	6,643,000	--	6,643,000
Trust Funds - Offsetting Receipts	- 6,300,000	--	- 6,300,000
Proposed Legislation/Separate Transmittal	3,425,000,000	- 168,900,000	3,256,100,000
Grand Total, DoD - Military	$83,480,866,000	--	$83,480,866,000

RECENT DEVELOPMENTS RESULT IN AMENDED ESTIMATES

Chairman McClellan. This morning the subcommittee will receive testimony from representatives of the Department of Defense and each military service in support of their respective proposals.

The first witness is Mr. Fred P. Wacker, Deputy Assistant Secretary of Defense (Comptroller).

Mr. Wacker. All right, sir. I have a fairly short statement, Mr. Chairman. It is probably 15 minutes or so, but I think, in the interest of the committee's time, I may be able to highlight parts and skip those that deal with numbers.

We are addressing, as you say, amendments submitted by the President on September 21, and the detailed justifications have been provided to the committee and the staff which present the details on the amendments and their relationship to the original request.

Three major developments have taken place since submission of the of the fiscal year 1974 budget in January—the currency revaluation, very sharp price increases, and the cease-fire in Southeast Asia—which make it essential that the estimates be amended at this time.

INCREASES IN APPROPRIATION ACCOUNTS

The amended appropriation requests will not result in an increase to the Department of Defense budget; rather, the requested changes represent badly needed redistributions among appropriation accounts which we propose to accommodate within the budget total submitted in January 1973. Increases are as follows:

Budget authority	*Thousands*
Currency revaluation and price increases for POL and subsistence	$942,338
Reconstitution of munitions ($376,000) and parts ($10,900) inventories incident to cease-fire	386,900
Operating cost increases due largely to redeployment of U.S. Forces from SEA; costs incident to base closure and realinement; and critical ship and aircraft maintenance deficiencies	196,869
Total increases	1,526,107

We propose to offset these increases by decreases in an equal amount, as follows:

Service-funded military assistance in Southeast Asia (MASF)	—$685,500
Other reductions in January appropriation requests	—671,707
Reduction in contingent estimate (included in fiscal year 1974 budget total) for pay raises and new legislation	—168,900
Total decreases	—1,526,107

INDIVIDUAL APPROPRIATION ACCOUNT CHANGES

Mr. Wacker. Mr. Chairman, I might point out the foregoing increases and decreases of $1.5 billion each are gross figures, to show the total magnitude of the changes involved. To an extent, these changes take place within individual appropriation accounts.

For example, a given appropriation may have a large increase for currency revaluation and a large decrease for MASF. The net change in the appropriation requirement is the net difference between the increases and decreases for each appropriation. On this basis, after considering the net effect of all increases and decreases for each appropriation, our proposal is as follows:

We propose to increase 16 appropriations for a total of $716,900,000.

We propose to decrease 16 appropriations, including the contingent item, for a total of $716,900,000.

Of the increase we propose, 13 appropriations ($674,500,000) are included in the defense appropriation bill which is being considered immediately by this committee, and 3 appropriations ($42,400,000) are covered by the military construction and family housing bill. All of the decreases involve items in the defense appropriation bill.

PREPARED STATEMENT AND ATTACHED TABLE

And I have a table attached to the statement which presents the details of changed requests by appropriation title.

Chairman McCLELLAN. We will let the full statement be printed in the record and you can continue to highlight it.

Mr. WACKER. All right.

[The statement and table follow:]

Mr. Chairman and Members of the Committee:

I am appearing before this Committee to discuss the proposed amendments to the request for appropriations transmitted by the President to the Congress on September 21, 1973. Justification books have been provided to this Committee, presenting details on the amendments and their relationship to the original request.

Three major developments have taken place since submission of the FY 1974 budget in January - the currency revaluation, very sharp price increases, and the cease-fire in Southeast Asia - which make it essential that the estimates be amended at this time. The amended appropriation requests will not result in an increase to the Department of Defense budget; rather, the requested changes represent badly needed redistributions among appropriation accounts which we propose to accommodate within the budget total submitted in January 1973. Increases are as follows:

	(Budget authority, $ thousands)
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Operating cost increases due largely to redeployment of U.S. forces from SEA; costs incident to base closure and realignment; and critical ship and aircraft maintenance deficiencies	196,869
Total increases	1,526,107

We propose to offset these increases by decreases in an equal amount, as follows:

Service-funded military assistance in Southeast Asia (MASF)	$ -685,500
Other reductions in January appropriation requests	-671,707
Reduction in contingent estimate (included in FY 1974 budget total) for pay raises and new legislation	-168,900
Total decreases	-1,526,107

Mr. Chairman, the foregoing increases and decreases of $1.5 billion each are gross figures, to show the total magnitude of the changes involved. To an extent these changes take place within individual appropriation accounts. For example, a given appropriation may have a large increase for currency revaluation and a large decrease for MASF The net change in the appropriation requirement is the net difference between the increases and decreases for each appropriation. On this basis, after considering the net effect of all increases and decreases for each appropriation, our proposal is as follows:

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Of the increases we propose, 13 appropriations ($674,500,000) are included in the Defense Appropriation Bill, and 3 appropriations ($42,400,000) are covered by the Military Construction and Family Housing Bill. All the decreases involve items in the Defense Appropriation Bill.

Table 1 presents details of the changed appropriation requests by appropriation title.

Decreased Requirements for MASF

In letters addressed to the Chairmen of the Appropriations and Armed Services Committees, dated June 15 and June 25, 1973, the Deputy Secretary of Defense submitted a restructured service-funded military assistance program for Southeast Asia. In view of changed conditions in Vietnam and Laos brought about by the cease-fire, the restructured MASF program is $685.5 million below the amount included in the President's Budget. ($1,870.8 was initially requested; the revised requirement is $1,185.3 million.)

The Deputy Secretary requested reapplication of resources in the munitions area to U.S. baseline force requirements to replenish inventory stocks which had been drawn down and to protect essential production capabilities. Also, he asked that a part of the budget authority previously requested for MASF be reapplied to the operating appropriations to cover deficiencies in program areas impacted by price increases as well as the effect of dollar devaluation.

The requested revisions, which are consistent with the proposed amendments, are as follows:

	(BA, $ Thousands)
- Reconstitution of inventories:	
Procurement of Ammunition, Army	$187,800
Aircraft Procurement, Air Force	10,900
Other Procurement, Air Force	188,200
Total applied to procurement	$386,900
- Operating appropriations for price increases and effect of currency revaluation	$298,600
Total application of MASF reduction	685,500

Within "Procurement of Ammunition, Army," the MASF program of $372.1 million has been reduced by $299.1 million; we propose to reapply $187.8 million of this to the procurement of war reserve munitions, leaving $111.3 million for transfer to other accounts. For "Aircraft Procurement, Air Force," the MASF program of $331.4 million has been reduced by $10.9 million, which is proposed for reapplication to the basic Air Force program for the procurement of replenishment spares. In "Other Procurement, Air Force," the MASF program of $226.7 million has been reduced by $188.2 million, $173.2 million of which is being reapplied to the basic Air Force program for the procurement of war reserve munitions and the $15.0 million balance programmed to meet munitions first destination transportation requirements.

The balance of the MASF reduction in "Procurement of Ammunition, Army" ($111.3 million) as well as MASF reductions in the operating appropriations amounting to $187.3 million are being applied to increased prices and impact of the dollar revaluation, primarily in the military personnel and operation and maintenance accounts.

Price Increases, Currency Revaluation, and Inventory Replenishment.

Price increases and currency revaluation (decreased purchasing power of the dollar relative to other currencies) have had a major impact over the past several months, especially for the annual appropriations for operations.

To appreciate the impact of these increases, Mr. Chairman, it may be helpful to begin with a breakdown of the Defense budget for FY 1974. Our request for FY 1974 was for $85 billion in total obligational authority, all told. This includes all anticipated pay raises and all new legislation. This total includes about $58 billion for:

- Pay and cash allowances of all types: active, reserve, and retired military as well as civil service including anticipated pay raises and new legislation.
- Major weapon systems and construction projects, for which we are permitted to provide for future inflation in the budget estimates as submitted.

This $58 billion then may be set aside for purposes of our discussion today, Mr. Chairman. It is not a factor in the amendment. We are not discussing pay, nor the impact of inflation on major weapon systems. We are concerned with the remaining $27 billion of the budget request. This covers the goods and services purchased in the operations and maintenance appropriations; food, clothing, and travel and transportation costs in the military personnel appropriations; munitions, vehicles, and many other items financed in the procurement appropriations, other than major weapons; RDT&E contracts not a part of a major weapon; and non-pay costs financed in a number of smaller appropriations.

Under long-established budgetary rules, we developed our budget in this area on the basis of prices in effect at the time the estimates were prepared. Since we completed our work on the FY 1974 budget estimate in the period from October to December 1972, this means, that the estimates for the $27 billion were based on the prices of that period.

As a starting point, then, we have experienced unbudgeted cost increases for all the inflation that has occurred since November 1972. However, our problems have been further complicated by several additional factors.

- In the case of subsistence, our FY 1974 estimates were actually based on averages for January-June 1972, in accordance with our past practice. We thus confronted

more than a year's worth of inflation before the fiscal year 1974 even began, and inflation in this area has been especially sharp.

- For FY 1973, our POL contracts were especially favorable. When refineries had the capability to more than meet the demand, they bid on Defense orders at very low rates (this is called a distressed-product price). We confront, then, not only the large increases in petroleum products which all users have to pay, but a further increase due to the loss of these favorable contracts.
- Currency revaluation involves a doubling of impact. For example, prices in Germany have risen, and one must pay more in marks to purchase a given item. This is multiplied by the fact that more dollars are required to secure a given number of marks.

What this means, Mr. Chairman, is this: currency revaluation, POL, and food price increases have added about $1 billion to our FY 1974 costs from November 1972 to the end of June 1973. General inflation on other purchases of supplies, minor equipment and services at (8%) has added about $2 billion. As of the end of June, then, about $3 billion had been added to our costs for FY 1974, over and above what we had budgeted back in November. We had included $27 billion in our budget for minor procurement, supplies, and services; developments since last fall have pushed these costs to $30 billion.

We are absorbing these cost increases within the budget totals as presented in January. It is not possible, though, to absorb these cost increases in all cases in the appropriations and subdivisions where they happen to fall. Operation and maintenance appropriations are now being financed through what are in effect 46 separate appropria-

tions (considering legal subdivisions), and there are 10 military personnel appropriations. The cost increases I have described have had a varied impact upon these 56 legal subdivisions; some of the subdivisions have been hit much harder than others. Moreover, the operations area in general has been hit much harder than the investment area, and our ability to make adjustments in the operations area is limited.

We are proposing the amendment, Mr. Chairman, to realign our request and put the funds in those places where they are most needed, taking into account developments not foreseen last fall. We are addressing in the amendment only such specifics as currency revaluation, price increases for POL and food, unavoidable increases arising from SEA redeployments and base closures, and the most critical deficiencies in equipment maintenance. Other price increases will have to be absorbed in the accounts affected. We have taken account of reduced requirements in the operations appropriations wherever possible, to offset the added costs. As previously noted, MASF reductions of $187.3 million within the operations accounts are proposed to be applied to these needs. Programs such as CHAMPUS have been repriced, and slippages in reserve component strengths have been translated into dollar savings which can be applied against those activities where costs have unavoidably increased. We have taken into account the military manpower reductions reflected in the House Authorization Bill for FY 1974.

We began, then, with total price and revaluation increases of about $3 billion since the budget estimates were prepared, plus unavoidable increases arising from redeployments, base closures and equipment maintenance deficiencies. We considered only the most immediate and specific of these, including $1 billion for currency revaluation, POL, and food cost increases. We directed that these

increases be absorbed or offset wherever possible. What remained was a need to shift $716.9 million in the estimates previously submitted, to align our fund requests with the area of most critical need.

The shift is summarized in the following table, showing budget authority in thousands with the number of appropriations involved shown in parentheses:

Increases		Decreases	
Military Personnel (4)	$114,600	Military Personnel (2)	$ 56,700
Operation and Maintenance (9)	559,900	Procurement (10)	436,300
Military Construction (1)	4,300	RDT&E (3)	55,000
Family Housing (2)	38,100	Pay and legislative Contingencies (1)	168,900
Total increases (16)	$716,900	Total decreases (16)	$716,900

In addition to the need for providing net increases in the O&M accounts as indicated above, Mr. Chairman, I want to stress the related urgent matter of shifting amounts within the legal subdivisions of those appropriations. This is covered in the detailed justification material which has been furnished to the Committee.

Decreases

As noted above, $56.7 million of the decreases are in military personnel appropriations. These derive from the strength shortfalls and other factors mentioned earlier. The $436.3 million reduction in procurement appropriations includes the net MASF reduction discussed earlier ($111.3 million after reconstitution of inventories); $292.1 million in reductions reflected in the FY 1974 Authorization Bill as it passed the House; and $32.9 million in other reductions. The RDT&E reduction of $55 million is reflected in the FY 1974 House Authorization Bill. The remaining $168.9 million of the additional requirements are offset by a reduction in the January contingency allowance estimate.

This reduction in the contingency allowance is feasible since the estimates underlying it were predicated upon an effective date of July 1, 1973, for new legislation. It is now clear that the legislation, if enacted, will take effect at a later date.

Other Items

As to general provisions, Mr. Chairman, we ask that the limitation for Overseas Dependents Education (section 707(a)) be increased to $196,614 million, from the $187,114 million requested in the January budget. The $9.5 million increase is to cover the impact of currency revaluation being felt in both the Pacific and European school systems. By far the largest impact derives from the dollar revaluation in relation to the German Deutsche mark. The program is not able to absorb cost increases of this magnitude within the limitation originally requested.

Before closing, Mr. Chairman, I would like to mention one further point by way of clarification. This involves the justification books. The books we submitted originally, in January 1973, included the cost of the January 1973 general pay increase. This was in accordance with past practice, and on the assumption that an amended estimate covering this pay raise would be submitted in the spring. This has not been done, though, so the official estimates now before the Congress -- amended in line with the matters we have been discussing today -- do not include the January 1973 pay increase. Also, a track from the earlier justification books to the present one is presented in Table 1.

Mr. Chairman, we will be happy to work with you and other members of the Committee during your consideration of this request, and furnish you such additional information as you desire.

DEPARTMENT OF DEFENSE
FY 1974 BUDGET AUTHORITY
REVISED TO REFLECT FY 1974 BUDGET AMENDMENTS
(THOUSANDS OF DOLLARS)

TABLE I

Appropriation Title	January Justification Books	Less Jan. 1, 1973 Pay Raise	FY 1974 President's Budget Request	FY 1974 Proposed Amendment						FY 1974 Revised Request
				MASF	Currency Revaluation	POL	Subsistence	All Other	Total	
MILITARY PERSONNEL										
Military Personnel, Army	7,534,512	-359,512	7,175,000	-7,800	+45,100	+20,000	+44,100	-65,000	+36,400	7,211,400
Military Personnel, Navy	5,564,000	-265,000	5,299,000		+2,174	+15,645	+37,235	+1,546	+56,600	5,355,600
Military Personnel, Marine Corps	1,622,236	-81,136	1,541,100			+8,463	+8,459	-2,222	+14,700	1,555,800
Military Personnel, Air Force	7,263,600	-338,000	6,925,600		+18,900	+33,400	+14,700	-60,100	+6,900	6,932,500
Reserve Personnel, Army	522,236	-25,736	496,500				+1,400	-34,200	-32,800	463,700
Reserve Personnel, Navy	222,500	-10,400	212,100							212,100
Reserve Personnel, Marine Corps	70,872	-3,372	67,500							67,500
Reserve Personnel, Air Force	145,400	-6,100	139,300							139,300
National Guard Personnel, Army	643,382	-32,382	611,000				+1,600	-25,500	-23,900	587,100
National Guard Personnel, Air Force	191,200	-9,700	181,500							181,500
TOTAL - MILITARY PERSONNEL	23,779,938	-1,131,338	22,648,600	-7,800	+66,174	+77,508	+107,494	-185,476	+57,900	22,706,500
RETIRED MILITARY PERSONNEL										
Retired Pay, Defense	4,741,400	-35,500	4,705,900							4,705,900
OPERATION AND MAINTENANCE										
Operation and Maintenance, Army	6,430,690	-99,590	6,331,100	-94,100	+199,506	+57,800		-92,606	+70,600	6,401,700
Operation and Maintenance, Navy	5,976,779	-72,979	5,903,800	-9,000	+22,953	+90,532		+148,415	+252,900	6,156,700
Operation and Maintenance, Marine Corps	409,385	-4,685	404,700		+4,200	+6,300		+1,800	+12,300	417,000
Operation and Maintenance, Air Force	6,589,200	-74,200	6,515,000	-76,400	+47,686	+196,306		+34,508	+202,100	6,717,100
Operation and Maintenance, Def Agys	1,531,192	-52,792	1,478,400							1,478,400
Operation and Maintenance, Army Reserve	264,122	-5,322	258,800			+1,600			+1,600	260,400
Operation and Maintenance, Navy Reserve	167,543	-1,043	166,500			+5,300		+3,600	+8,900	175,400
Operation and Maintenance, MC Reserve	11,428	-28	11,400							11,400
Operation and Maintenance, AF Reserve	229,172	-3,572	225,600			+4,079		-2,079	+2,000	227,600
Operation and Maint., Army Nat'l Guard	545,620	-9,020	536,600			+3,400			+3,400	540,000
Operation and Maint., Air Nat'l Guard	525,710	-7,310	518,400			+10,500		-4,400	+6,100	524,500
Rifle Practice, Army	166	-7	159							159
Claims, Defense	49,100	-	49,100							49,100
Contingencies, Defense	5,000	-	5,000							5,000
Court of Military Appeals, Defense	897	-33	864							864
TOTAL - OPERATION AND MAINTENANCE	22,736,004	-330,581	22,405,423	-179,500	+274,345	+375,817		+89,238	+559,900	22,965,323

DEPARTMENT OF DEFENSE
FY 1974 BUDGET AUTHORITY
REVISED TO REFLECT FY 1974 BUDGET AMENDMENTS
(THOUSANDS OF DOLLARS)

Appropriation Title	January Justification Books	Less Jan. 1, 1973 Pay Raise	FY 1974 President's Budget Request	FY 1974 Proposed Amendment						FY 1974 Revised Request
				MASF	Currency Revaluation	POL	Subsistence	All Other	Total	
PROCUREMENT										
Aircraft Procurement, Army	181,000	-	181,000							181,000
Missile Procurement, Army	599,900	-	599,900					-30,400	-30,400	569,500
Procurement of Weapons & Tracked Combat Vehicles, Army	253,000	-	253,000					-15,000	-15,000	238,000
Procurement of Ammunition, Army	1,250,200	-	1,250,200	-299,100				+187,800	-111,300	1,138,900
Other Procurement, Army	582,800	-	582,800					-30,900	-30,900	551,900
Aircraft Procurement, Navy	2,958,300	-	2,958,300					-30,800	-30,800	2,927,500
Weapons Procurement, Navy	942,000	-	942,000					-8,600	-8,600	933,400
Shipbuilding & Conversion, Navy	3,901,800	-	3,901,800					-147,700	-147,700	3,754,100
Other Procurement, Navy	1,393,800	-	1,393,800							1,393,800
Procurement, Marine Corps	182,000	-	182,000					-2,000	-2,000	180,000
Aircraft Procurement, Air Force	2,912,800	-	2,912,800	-10,900				+4,900	-6,000	2,906,800
Missile Procurement, Air Force	1,573,200	-	1,573,200					-53,600	-53,600	1,519,600
Other Procurement, Air Force	2,004,900	-	2,004,900	-188,200				+188,200	-	2,004,900
Procurement, Defense Agencies	70,700	-	70,700							70,700
TOTAL - PROCUREMENT	18,806,400	-	18,806,400	-498,200				+61,900	-436,300	18,370,100
RESEARCH, DEVELOPMENT, TEST AND EVALUATION										
RDT&E, Army	2,128,776	-20,076	2,108,700			+1,100		-14,600	-13,500	2,095,200
RDT&E, Navy	2,731,241	-22,141	2,709,100							2,709,100
RDT&E, Air Force	3,228,705	-16,205	3,212,500			+4,500		-25,000	-20,500	3,192,000
RDT&E, Defense Agencies	503,266	-2,866	500,400					-21,000	-21,000	479,400
Director of Test & Evaluation, Defense	24,600	-	24,600							24,600
TOTAL - RDT&E	8,616,588	-61,288	8,555,300			+5,600		-60,600	-55,000	8,500,300
MILITARY CONSTRUCTION										
Military Construction, Army	664,900	-	664,900		+4,300				+4,300	669,200
Military Construction, Navy	685,400	-	685,400							685,400
Military Construction, Air Force	291,900	-	291,900							291,900
Military Construction, Defense Agys	19,100	-	19,100							19,100
Military Construction, Army Reserve	40,700	-	40,700							40,700

DEPARTMENT OF DEFENSE
FY 1974 BUDGET AUTHORITY
REVISED TO REFLECT FY 1974 BUDGET AMENDMENTS
(THOUSANDS OF DOLLARS)

Appropriation Title	January Justification Books	Less Jan. 1, 1973 Pay Raise	FY 1974 President's Budget Request	FY 1974 Proposed Amendment						FY 1974 Revised Request
				MASF	Currency Revaluation	POL	Subsistence	All Other	Total	
MILITARY CONSTRUCTION (Cont'd)										
Military Construction, Naval Reserve	20,300	-	20,300							20,300
Military Construction, AF Reserve	10,000	-	10,000							10,000
Military Construction, Army Nat'l Guard	35,200	-	35,200							35,200
Military Construction, Air Nat'l Guard	20,000	-	20,000							20,000
TOTAL - MILITARY CONSTRUCTION	1,787,500	-	1,787,500		+4,300				+4,300	1,791,800
FAMILY HOUSING										
Family Housing, Defense	1,150,400	-	1,150,400		+31,100				+31,100	1,181,500
Homeowners Assistance Fund, Defense	-	-	-					+7,000	+7,000	7,000
TOTAL - FAMILY HOUSING	1,150,400	-	1,150,400		+31,100			+7,000	+38,100	1,188,500
CIVIL DEFENSE										
Operation & Maintenance, Civil Defense	64,858	-758	64,100							64,100
Research, Shelter Survey & Marking, CD	24,717	-317	24,400							24,400
TOTAL - CIVIL DEFENSE	89,575	-1,075	88,500							88,500
SPECIAL FOREIGN CURRENCY	2,600	-	2,600							2,600
DEDUCTIONS FOR OFFSETTING RECEIPTS										
Offsetting Receipts, Army	-43,000	-	-43,000							-43,000
Offsetting Receipts, Navy	-32,530	-	-32,530							-32,530
Offsetting Receipts, Air Force	-19,570	-	-19,570							-19,570
Offsetting Receipts, Defense Agencies	-	-	-							-
TOTAL - OFFSETTING RECEIPTS	-95,100	-	-95,100							-95,100
TRUST FUNDS										
Trust Funds, Army	150	-	150							150
Trust Funds, Navy	6,488	-	6,488							6,488
Trust Funds, Air Force	5	-	5							5
TOTAL - TRUST FUNDS	6,643	-	6,643							6,643

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DEPARTMENT OF DEFENSE
FY 1974 BUDGET AUTHORITY
REVISED TO REFLECT FY 1974 BUDGET AMENDMENTS
(THOUSANDS OF DOLLARS)

Appropriation Title	January Justification Books	Less Jan. 1, 1973 Pay Raise	FY 1974 President's Budget Request	FY 1974 Proposed Amendment						FY 1974 Revised Request
				MASF	Currency Revaluation	POL	Subsistence	All Other	Total	
TRUST FUNDS - DEDUCTIONS FOR OFFSETTING RECEIPTS										
Inter-governmental Trust Fund, Navy	-6,300	-	-6,300							-6,300
PROPOSED LEGISLATION/SEPARATE TRANSMITTAL	1,864,433	+1,560,567	3,425,000					-168,900	-168,900	3,256,100
TOTAL - MILITARY FUNCTIONS	83,480,081	+785	83,480,866	-685,500	+375,919	+458,925	+107,494	-256,838	-0-	83,480,866
MILITARY ASSISTANCE										
Military Assistance, Executive	685,785	-785	685,000							685,000
Foreign Military Credit Sales, Executive	525,000	-	525,000							525,000
Deduction for Offsetting Receipts	-124,900	-	-124,900							-124,900
Total	1,085,885	-785	1,085,100							1,085,100
MAP Trust Funds:										
Advances, Foreign Military Sales	3,090,000	-	3,090,000							3,090,000
Deduction for Offsetting Receipts	-2,490,708	-	-2,490,708							-2,490,708
TOTAL - MILITARY ASSISTANCE	1,685,177		1,684,392							1,684,392
GRAND TOTAL	85,165,258	-	85,165,258	-685,500	+375,919	+458,925	+107,494	-256,838	-0-	85,165,258
Department of the Army	21,634,354	-551,645	21,082,709	-401,000	+248,906	+83,900	+47,100	-120,406	-141,500	20,941,209
Department of the Navy	27,827,242	-460,784	26,366,458	-9,000	+29,327	+126,240	+45,694	-35,961	+156,300	26,522,758
Department of the Air Force	24,966,222	-455,087	24,511,135	-275,500	+66,586	+248,785	+14,700	+82,429	+137,000	24,648,135
OSD/DA/Defense-wide/Proposed Legislation	9,962,688	+1,469,376	11,432,064		+31,100			-182,900	-151,800	11,280,264
Civil Defense	89,575	-1,075	88,500							88,500
MAP	1,685,172	-785	1,684,392							1,684,392

EFFECT ON REPROGRAMING REQUESTS

Chairman McCLELLAN. You show fiscal year 1974 budget increases of $1.5 billion with offsetting decreases in the same amount. Will not these proposed budget amendments greatly reduce the number of reprograming actions which are normally submitted to the congressional committees early in the calendar year?

Mr. WACKER. The number of reprograming requests will be reduced provided the redistribution of funds contained in the proposed amendment is approved. The extent of further reprograming requests will depend upon future circumstances: Amounts of appropriations actually enacted; impact of further price increases on available resources; congressional action on pay increase supplemental appropriation requests; and other events unknown at this point in time.

DECREASED REQUIREMENTS FOR MASF

In letters addressed to the chairmen of the Appropriations and Armed Services Committees dated June 15 and June 25, 1973, the Deputy Secretary of Defense submitted a restructured servvice-funded military assistance program for Southeast Asia. In view of changed conditions in Vietnam and Laos brought about by the cease-fire, the restructured MASF program is $685.5 million below the amount included in the President's budget: $1,870.8 million was initially requested; the revised requirement is $1,185.3 million.

The Deputy Secretary requested reapplication of resources in the munitions area to U.S. baseline force requirements to replenish inventory stocks which had been drawn down and to protect essential production capabilities. Also, he asked that a part of the budget authority previously requested for MASF be reapplied to the operating appropriations to cover deficiences in program areas impacted by price increases as well as the effect of dollar devaluation.

Chairman McCLELLAN. If I understand this request, you propose to take $685.5 million from money that was originally budgeted for the Southeast Asia conflict; is that right?

Mr. WACKER. Yes, sir.

Chairman McCLELLAN. That will not now be needed there?

Mr. WACKER. Correct.

Chairman McCLELLAN. Then you will transfer it and make it available for ammunition and other purposes?

Mr. WACKER. Yes, sir.

Chairman McCLELLAN. Is that right?

Mr. WACKER. Yes, sir, that is correct.

Chairman McCLELLAN. And you give the details here in your statement?

Mr. WACKER. We give details in the statement. While the restructured MASF program was submitted separately in June, we have included its impact in the formal amendment you received September 21. The table on page 4 of my statement indicates how Secretary Clements had proposed to reapply the savings.

OPERATING FUNDS

Chairman McClellan. What about the operating funds? I understand your reference to the ammunition. What do you mean—"for operating purposes?" What does this go for? It would have been used for the Vietnam war originally in the budget, but it now will go for operating appropriations?

Mr. Wacker. Yes, sir. We freed up the total of $685.5 million that was originally intended for the Southeast Asia situation and we are reapplying it, or requesting that it be reapplied, in two parts, the reconstruction of inventory.

Chairman McClellan. $386.9 million for ammunition?

Mr. Wacker. Yes, sir, and also a part of it to be reapplied within the military personnel and operation and maintenance appropriations—referred to as "operating appropriations"—to finance increases that resulted from inflationary aspects of the economy as well as the currency revaluation.

Chairman McClellan. You mean to imply if this were not transferred, you would have to ask for additional appropriations to cover recent increases?

Mr. Wacker. We would have to do that, or submit a reprograming action or take other steps.

Chairman McClellan. You would take a reduction somewhere else?

Mr. Wacker. Yes, sir.

Chairman McClellan. These additional funds you propose to transfer are a cost increase that has arisen by reason of currency revaluation and increased costs of operation?

Mr. Wacker. Yes, sir.

Chairman McClellan. So, instead of asking for additional money to cover that, you are reducing programed Vietnam war costs and applying them here?

Mr. Wacker. That is correct, sir.

MAJOR AREA OF REVALUATION OR DEVALUATION

Senator Young. Where does most of the currency revaluation or devaluation occur? Is that in NATO or elsewhere?

Mr. Wacker. It occurs primarily in the European area. The devaluation of the mark, for example, has significantly increased operating costs in Germany.

Chairman McClellan. Does not this support the argument that it does not cost much more to keep troops in Europe than it does at home?

Mr. Wacker. Here, we get into an economic discussion. The increase in defense costs through dollar devaluation we have to face up to is probably making other things more attractive to the Germans, such as tourism in this country and imports of U.S. manufactured goods that help our balance of payments overall.

Chairman McClellan. Increases in costs of goods in the United States, such as the cost of subsistence, are included in this?

Mr. Wacker. Yes, sir.

Chairman McCLELLAN. In other words, if you brought our troops home from Europe, you would still have an increase in costs?

Mr. WACKER. We will indeed; yes, sir.

Chairman McCLELLAN. That is not because you programed more, but because the costs rise as a result of increases in prices?

Mr. WACKER. Yes, sir.

Chairman McCLELLAN. Well, I have always thought there would be some savings in bringing our troops home. We can go into that later. Proceed.

TABLE ON REQUESTED REVISIONS

Mr. WACKER. The requested revisions arising from the MASF savings, which are consistent with the proposed amendments, are as follows:

BUDGET AUTHORITY

Reconstitution of inventories:	*Thousands*
Procurement of ammunition, Army	$187,800
Aircraft procurement, Air Force	10,900
Other procurement, Air Force	188,200
Total applied to procurement	386,900
Operating appropriations for price increases and effect of currency revaluation	298,600
Total application of MASF reduction	685,500

AMMUNITION PROCUREMENT, ARMY

Mr. WACKER. The top of page 5 of my statement amplifies on the reapplication of resources originally programed for MASF. Within "procurement of ammunition, Army," the MASF program of $372.1 million has been reduced by $299.1 million; we propose to reapply $187.8 million of this to the procurement of war reserve munitions, leaving $111.3 million for transfer to other accounts.

AIRCRAFT PROCUREMENT, AIR FORCE

For "aircraft procurement, Air Force," the MASF program of $331.4 million has been reduced by $10.9 million, which is proposed for reapplication to the basic Air Force program for the procurement of replenishment spares.

OTHER PROCUREMENT, AIR FORCE

In "other procurement, Air Force," the MASF program of $226.7 million has been reduced by $188.2 million, $173.2 million of which is being reapplied to the basic Air Force program for the procurement of war reserve munitions and the $15 million balance programed to meet munitions first destination transportation requirements.

The balance of the MASF reduction in "procurement of ammunition, Army," $111.3 million, as well as MASF reductions in the operating appropriations amounting to $187.3 million are being applied to increased prices and impact of the dollar revaluation, primarily in the military personnel and operation and maintenance accounts.

MASF REDUCTION CONDITIONS

Chairman McClellan. Explain how conditions in Southeast Asia brought about a reduction of $685.5 million in the military assistance, Service funded program since the January budget submission.

Mr. Wacker. The $1,870.8 million MASF request included in the January budget submission was based on a set of assumptions that did not take into account the impact of the cease-fire. These assumptions were reviewed and revised in the light of the cease-fire resulting in the reduced level of MASF support. The assumptions on which the restructured MASF program is based, permits the $685.5 million reduction, $473.3 million applied to RVN, and the remaining $211.2 million to Laos. Details covering the revised MASF program were provided the Chairmen of the Armed Services and Appropriations Committees by the Deputy Secretary of Defense in letters dated June 15 and June 25, 1973.

PRICE INCREASES, CURRENCY REVALUATION, AND INVENTORY REPLENISHMENT

Price increases and currency revaluation—decreased purchasing power of the dollar relative to other currencies—have had a major impact over the past several months, especially for the annual appropriations for operations.

Senator Young. I would like some figures on major items in Germany—for example, say, for gasoline. How does the price of gasoline compare with the cost of gasoline or other petroleum products and food commodities here? How do prices compare? What do we have to pay here and what will we have to pay over there for the military operations?

Mr. Wacker. I wonder if we could put together some comparisons for you and provide it. Would that be acceptable? Maybe the budget officers could respond to your question.

ARMED FORCES PETROLEUM USE

General Kjellstrom. Much of the petroleum for use of the Armed Forces is disbursed offshore, Mr. Chairman; so that the prices in Germany would be comparable to these prices, as I understand.

Chairman McClellan. Is all of the military gasoline purchased offshore?

General Kjellstrom. Much of it, yes, sir.

Senator Young. And not through the German economy?

General Kjellstrom. No. We do have an exception, sir, where we, in our heating, our space heating as opposed to motor gas and our aviation requirements—some of our space heating fuel oil requirements are purchased over there; but the last information I had, they were comparable in price to what we are paying in the United States.

FOOD PRICES

Senator Young. How about food prices—meat, for example?

General Kjellstrom. Sir, I was there a year and a half and I have a son who is living there and he keeps complaining about the increased

costs in Germany. However, he extended for another year on his tour, so I am confident that the prices are not any greater in Germany than they are here.

Now, many of the purchases, of course, of the Armed Forces personnel are made through commissaries, which are primarily U.S.-furnished products, and through post exchanges, which, if you go out in our economy, some of the prices are higher.

Does it answer the question?

Senator YOUNG. Yes.

Chairman MCCLELLAN. Mr. Hruska.

Senator HRUSKA. No questions.

Chairman MCCLELLAN. Proceed, Mr. Wacker.

DEFENSE BUDGET BREAKDOWN

Mr. WACKER. Moving to page 6, I try to give you a breakdown of the defense budget for fiscal year 1974, and then focus on the area we are talking about here impacted by the inflationary aspects and the revaluation.

Our request for fiscal year 1974 was for $85 billion in total obligational authority, all told. This includes all anticipated pay raises and all new legislation. This total includes about $58 billion for:

Pay and cash allowances of all types: active, reserve, and retired military as well as civil service, including anticipated pay raises and new legislation.

Major weapon systems and construction projects, for which we are permitted to provide for future inflation in the budget estimates as submitted.

This $58 billion, then, may be set aside for purposes of our discussion today, Mr. Chairman. It is not a factor in the amendment. We are not discussing pay nor the impact of inflation on major weapon systems. We are concerned with the remaining $27 billion of the budget request. This covers the goods and services purchased in the operations and maintenance appropriations; food, clothing, and travel and transportation costs in the military personnel appropriations; munitions, vehicles, and many other items financed in the procurement appropriations other than major weapons; R.D.T. & E. contracts not a part of a major weapon; and nonpay costs financed in a number of smaller appropriations.

Now, it is important here to recognize that, under long-established budgetary rules, we developed our budget in this area on the basis of prices in effect at the time the estimates were prepared. Since we completed our work on the fiscal year 1974 budget estimate in the period from October to December 1972, this means that the estimates for the $27 billion were based on the prices of that period.

UNBUDGETED COST INCREASES

As a starting point, then, we have experienced unbudgeted cost increases for all the inflation that has occurred since November 1972. However, our problems have been further complicated by several additional factors.

SUBSISTENCE

In the case of subsistence, our fiscal year 1974 estimates were actually based on averages for January–June 1972 in accordance with our past practice. We thus confronted more than a year's worth of inflation before the fiscal year 1974 even began, and inflation in this area has been especially sharp.

INFLATIONARY INCREASES BY PERIOD

Chairman MCCLELLAN. What percent of increase has inflation caused since November 1972? What is the inflationary increase for subsistence since the January–June 1972 average?

Mr. WACKER. With respect to the first question, there are various measures of inflation which have a direct bearing on the Defense budget. These indicators have been provided in a fact sheet to this committee. As for a single indicator, the Department of Defense uses the Commerce Federal purchases of goods and services series as the basis for measuring the impact of inflation on the nonpay portion of the Defense budget. Using this series, the rate of increase has been 8 percent since the fall of November 1972 through June 1973.

In answer to the second question, during the period of January–June 1972 through August 1973, the weighted average daily cost of feeding an enlisted man increased from slightly less than $1.69 to slightly over $2.16, approximately 28 percent. Actual experience varies among the military services, and between Conus and overseas within a military service. The daily rate has increased beyond the $2.16 average during the intervening months.

POL CONTRACTS

For fiscal year 1973, our POL contracts were especially favorable. When refineries had the capability to more than meet the demand, they bid on defense orders at very low rates. This is called a distressed-product price. We confront, then, not only the large increases in petroleum products which all users have to pay but a further increase due to the loss of these favorable contracts.

FAVORABLE PETROLEUM CONTRACTS

Chairman MCCLELLAN. Give us an example as to a favorable petroleum contract and the going price on a similar contract today.

Mr. WACKER. The following examples concerning the cost of jet fuel (JP–4) were provided by the Defense Fuel Supply Center:

	Contract period	Delivery period	Gallons	Average price per gallon
Domestic source	November/December 1972	January/June 1973	113, 930, 000	$0. 081
Same contractor	May/June 1973	July/December 1973	96, 600, 000	. 167
Foreign source	November/December 1972	January/June 1973	78, 750, 000	. 116
Same contractor	May/June 1973	July/December 1973	90, 300, 000	. 171

The contracts let to the domestic source in May/June 1973 for the 96,600,000 gallons to be delivered in July/December 1973 required $16,132,200 as against $7,824,600 had the same quantity been contracted for in November/December 1972 for delivery in January/June 1973. Percentage increase: 106.2 percent.

Using the foreign source, the 90,300,000 gallons cost $15,441,300 as against $10,474,800 for an identical quantity had the contract been let during November/December 1972. Percentage increase: 47.4 percent.

Currency Revaluation

Currency revaluation involves a doubling of impact. For example, prices in Germany have risen and one must pay more in marks to purchase a given item. This is multiplied by the fact that more dollars are required to secure a given number of marks.

What this means, Mr. Chairman, is this: Currency revaluation, POL, and food price increases have added about $1 billion to our fiscal year 1974 costs from November 1972 to the end of June 1973, which is roughly the period on which we base this amendment.

Request for Transfer of Funds

Senator Young. What you are asking for is a transfer of funds, not new funds?

Mr. Wacker. That is correct, Senator. We are not asking for an increase to the budget submitted in January.

Senator Young. For how long? Is it for fiscal year 1974?

Mr. Wacker. It is for the entire fiscal year. Essentially, we have restructured our fiscal year 1974 requirements, as if we were presenting the budget all over again last January and were smart enough then to know the impact of the cost increases.

Senator Young. When determining the appropriations for fiscal year 1974, you are asking that this be provided by transfer?

Mr. Wacker. This is the fiscal year 1974 amended President's budget. The requested changes can be accomplished by redistributions among appropriation accounts with no increase to the total budget.

Chairman McClellan. Your reference in the paragraph on page 8 is interesting. What this means, you say, is that currency revaluation, POL, and food price increases have added about $1 billion to our fiscal year 1974 costs between November 1972 and the end of June 1973.

You say, "currency revaluation and food price increases." That is both of them, you say?

Mr. Wacker. Yes, and the POL—petroleum, oil, and lubricants.

Chairman McClellan. That is part of it—the food and the POL?

Mr. Wacker. That is correct.

Chairman McClellan. They have increased by $1 billion since you made your budget presentation?

Mr. Wacker. Yes, sir.

Chairman McClellan. In other words, what you provided for originally in the budget will now cost $1 billion more since last November?

Mr. Wacker. That is correct—those three discrete segments. We have identified them by appropriation in the tabular summary.

GENERAL INFLATION INCREASES

Chairman McCLELLAN. Then you go on: "General inflation on other purchases of supplies." Does this include revaluation, too?

Mr. WACKER. No, sir; this is the general inflation.

Chairman McCLELLAN. "Minor equipment and services" have increased also?

Mr. WACKER. That is right.

Chairman McCLELLAN. This includes all of the purchases you must make—and this is not for service pay, but for all purchases that you have to make, exclusive of weapons systems—am I right?

Mr. WACKER. Yes, sir.

Chairman McCLELLAN. Exclusive of weapons systems, it has increased by $3 billion since you made up your budget last November. Am I right?

Mr. WACKER. Yes, sir.

Chairman McCLELLAN. How do you propose to handle it? Do you propose to absorb it by purchasing less?

Mr. WACKER. We have accommodated a good portion of it in this restructured amendment right here.

Chairman McCLELLAN. Well, you accommodate what?

Mr. WACKER. The increases of $1.5 billion referred to on page 2 of my statement, plus the remaining increases which are being absorbed within the appropriations where they occur.

Chairman McCLELLAN. This reapportionment is to meet the conditions you have described.

Mr. WACKER. That is correct, sir.

Chairman McCLELLAN. That is the prime necessity for this rebudgeting?

Mr. WACKER. That is correct, sir.

Senator YOUNG. This is very important, and it is difficult for us to explain to the average Member of the Senate.

Chairman McCLELLAN. That is why I want to make the record clear here. Since last October and November, when the budget was prepared, increases in costs of buying and devaluation of the dollar have added a burden of cost upon procurement of what you had budgeted last fall in an amount of $3 billion in these areas?

Mr. WACKER. That is correct, sir.

Chairman McCLELLAN. I think we understand that much. Senator Hruska.

PROBABILITY OF INFLATION NOT INCLUDED IN ORIGINAL ESTIMATES

Senator HRUSKA. Mr. Secretary, in formulating the estimates back there in November 1972, did the estimates include the probability of inflation in any degree?

Mr. WACKER. In no degree, Senator, because the budgetary rules that we live by, issued by the Office of Management and Budget, specify that the budget is to be based on prices that exist at that point in time.

Senator HRUSKA. That point in time being when the budget was formed?

Mr. WACKER. Yes, sir. We are precluded from estimating any of these inflationary items.

Senator HRUSKA. On construction contracts, it is not true, and why is it not true here? I don't dispute the existence of the rule, but is it a wise rule or are we flying in the face of reality here?

Mr. WACKER. We have obtained an exception to that rule in the case of weapons systems and construction projects, the need for which I pointed out here 2 or 3 years ago, because of the unique aspect of weapons systems relative to the Department of Defense.

We are now permitted to provide for future price escalation in our estimates of weapons systems, about which you receive selected acquisition reports and other external data. The waiver was not extended to this nonweapon system area that we are dealing with here.

Senator HRUSKA. I come back to my question: Is it a good rule?

Mr. WACKER. We have a request pending before OMB which asks that the rule be changed and that we be permitted to include it.

Senator HRUSKA. It would make your roles a lot easier as of this hour. If that rule had been changed as of last fall, it would make our role a little easier and more realistic if we could take it into consideration in some way. To come here now, after this short space of time, and ask for $3 billion more makes it difficult for all concerned.

Mr. WACKER. Yes, sir. It is uncomfortable for me also, but I wouldn't want to suggest that the administration does not have good reasons for applying that rule.

Senator HRUSKA. I don't doubt that, either. But if there is a rule put in for a reason, maybe it could be changed for a better reason.

Mr. WACKER. And it is Government-wide, Senator. This rule applies across the board, and I am sure the other agencies are also facing these inflationary problems.

ABSORPTION OF COST INCREASES IN BUDGET TOTALS

Chairman MCCLELLAN. I notice the next sentence after the paragraph I referred to on page 8 states: "We are absorbing these cost increases within the budget totals as presented in January."

What you are proposing to do is, by this reprograming of funds, to absorb the $3 billion increase rather than ask for additional appropriations?

Mr. WACKER. That is correct, sir.

Chairman MCCLELLAN. That is the whole purpose of this program?

Mr. WACKER. Yes, sir.

Chairman MCCLELLAN. Of course, you have one source there by which you are absorbing the cost of the Vietnam war. That will have no impact on any other program, but where you have to absorb in areas where the funds are still needed, this will have some impact on those programs, will it not?

Mr. WACKER. It will, sir. We have had to make a judgment on the relative priorities.

Chairman MCCLELLAN. In other words, you have to readjust priorities with respect to where the increases are imperative and where reductions can be made.

Mr. WACKER. Yes, sir.

Chairman MCCLELLAN. Proceed.

CURRENT COSTS ESTIMATE

Senator YOUNG. First, let me ask a question. For the budget that we are considering now, are you not taking into account expected additional costs? Along the lines of Senator Hruska's question, are you basing your budget on current costs or on anticipated costs?

Mr. WACKER. We have developed the amended request before you based on our estimate of the current costs. I want to give a fair answer to what I think your question is. There may very well be additional increases in the food area, in the POL area, and for other purchases. If increases occur, we are going to have to face up to them and perhaps make further absorptions. We have not done much in the way of projecting ahead, however.

Chairman MCCLELLAN. There is some indication now that food costs may come down a little or at least stabilize. I don't know whether it will happen.

Mr. WACKER. I hope so. I hate for my wife to go to the supermarket these days.

Chairman MCCLELLAN. But there is a current news item that the cost of food has come down in the last month or so.

Senator YOUNG. The price of beef to the producer is down from about $68 in Omaha to about $40 now. It just has not been passed on to the consumer yet. I would think—and I am a farmer myself—I can see only one way most of the prices can go: that is down. They can't stay where the are. Beef has gone down already from the price it was 6 months ago.

Mr. WACKER. It might be of interest to the committee if you look at the Consumer Price Index, which has increased by 6.5 percent overall from last November through to the end of August. Within that 6.5 percent, which is a weighted average, the price of food has gone up by an astounding 19.1 percent.

Senator YOUNG. On an annualized basis or what?

Mr. WACKER. Just the percentage increase from last November through the end of August, based on the Department of Labor survey.

Chairman MCCLELLAN. That is a period of about 9 months.

Mr. WACKER. Yes, sir.

Senator YOUNG. As I pointed out, even though beef prices—and that is prime beef—have dropped drastically, that drop has not been passed on to the consumer. I think much of it will be soon.

INFLATION EFFECT

Chairman MCCLELLAN. The Department has provided the committee with a factsheet on price increases which have a direct bearing on the defense budget. Without objection, I shall place the matter in the record at this point, and will you please check to see that the information is current?

Mr. WACKER. The factsheet, a copy of which is attached, provided to the committee in September 1973, remains current.

[The information follows:]

Price Increases

There are various measures of inflation, which have a direct bearing on the Defense budget. All of these measures have shown noticeable increases from November 1972, the approximate pricing base for the FY 1974 budget estimates, until June 1973, just prior to the beginning of this fiscal year. Price increases reported by the U.S. Government since June have been even sharper in most cases. These measures are summarized below:

Federal Purchases of Goods and Services from Industry - This series provided by the U.S. Department of Commerce excludes military and civilian compensation and Commodity Credit Corporation purchases. It is based on selected components of the wholesale price index (WPI) and construction and services prices. From the fall of 1972 (November) through June 1973 it was estimated to rise by 8.0%. This figure was cited in the FY 1974 DoD Budget Amendment, Summary Analysis, dated September 14, 1973.

Consumer Price Index (CPI) - Often referred to as "the cost of living," it is compiled monthly by the U.S. Department of Labor and represents the changes in the prices of goods and services consumed by urban families and individuals. The index includes a group of about 300 goods and services, ranging from food to automobiles and from rent to haircuts, that is, items normally purchased by U.S. consumers. Recent increases in the CPI and the food portion of the CPI are as follows:

	Percent Increase		
Index	Nov. 1972 to June 1973	Nov. 1972 to Aug. 1973	Oct. 1972 to Aug. 1973
CPI, All Items	4.3%	6.5%	6.7%
CPI, Food	11.5%	19.1%	19.6%

In the past two months alone the CPI has increased by over 2 percent or at a rate in excess of 12% per year. Public Law 88-132, dated October 1963 as amended, established the principle of adjusting retired pay based on the CPI. The last base adjustment was April 1973, but the most recent data indicate that this October will produce a new adjustment base for retired pay. Payments at the new level would begin in January 1974.

Wholesale Price Index (WPI) - This monthly measure of prices is compiled by the Department of Labor and includes a representative group of 2,000 commodities ranging from crude rubber, cotton, and iron ore to finished apparel, tires, and machinery. The Department of Commerce uses various components from the WPI to measure prices for federal purchases as noted above along with data for construction and services. Some recent examples of changes in the WPI are as follows:

	Percent Increases		
Index	Nov. 1972 to June 1973	Nov. 1972 to Aug. 1973	Aug. 1972 to Aug. 1973 (Latest 12 Months)
WPI, All Commodities	13.3%	18.2%	19.0%
WPI, Durable Goods	5.3%	5.5%	5.7%
WPI, Non-Durable Goods	19.3%	27.8%	29.3%

Summary. The Department of Defense uses the Commerce Federal Purchases of Goods and Services series summarized above as the basis for measuring the impact of inflation on the non-pay portion of the Defense budget. In recent months the Federal Purchases index of prices has increased faster than the CPI. This is primarily due to the very large increases in the WPI non-durable goods area, which is not reflected in the CPI, but is included a part of the Federal Purchases of Goods and Services from Industry.

AREAS OF COST INCREASES

Chairman McCLELLAN. Proceed.

Mr. WACKER. I am in the middle of page 8, sir, and I believe I have a fairly important point to make here. We point out that we are absorbing these cost increases within the budget totals as presented in January. It is not possible, though, to absorb these cost increases in all cases in the appropriations and subdivisions where they happen to fall. Operation and maintenance appropriations are now being financed through what are, in effect, 46 separate appropriations, considering legal subdivisions, and there are 10 military personnel appropriations.

The cost increases I have described have had a varied impact upon these 56 legal subdivisions; some of the subdivisions have been hit much harder than others. Moreover, the operations area in general has been hit much harder than the investment area, and our ability to make adjustments in the operations area is limited both by the magnitude of the changes and because of the legal subdivisions that exist in the accounts.

LEGAL SUBDIVISION DEFINED

Chairman McCLELLAN. Give an example of a "legal subdivision" of an appropriations account.

Mr. WACKER. For the "Operation and maintenance, Army" appropriation, "legal subdivision" means strategic forces, general purpose forces, intelligence and communications, central supply and maintenance, training operations and other general personnel activities, medical activities, administration and associated activities, and support of other nations. This interpretation is consistent with the DOD Appropriation Act, 1973 (Public Law 92-570), which contains the following in the "Operation and maintenance, Army," language:

> Provided, That the budget estimates for the fiscal year ending June 30, 1974, for the appropriations "Operation and maintenance, Army," "Operation and maintenance, Navy," "Operation and maintenance, Marine Corps," and "Operation and maintenance, Air Force" shall be submitted on a basis providing for the appropriation of specific sums for the various budget programs and activities, generally in accord with the structure included in H.R. 16593, 92d Congress, as passed by the House of Representatives.

The "Operation and maintenance, defense agencies" appropriation has 10 such subdivisions comprised of a combination of organizational and functional breakouts.

OPERATIONS AND INVESTMENT AREAS DEFINED

Chairman McCLELLAN. Define what you mean by the "operations area" and the "investment area."

Mr. WACKER. The Defense budget finances two types of costs: (1) the pay of civil service personnel, and pay and allowances (in cash or in kind) of military personnel—active, reserve and retired; (2) the purchase of goods and services from industry—everything from missiles to scotch tape, from airline tickets to phone bills.

The "operations area" includes all of the type (1) pay items, and those type (2) goods and services purchased by the military personnel and operation and maintenance appropriations. The "investment area"

includes the balance of the type (2) purchases funded by the procurement, R.D.T. & E. and construction appropriations.

Now, I think the top of page 9 restates what we have already said about the overall costs. We are proposing the amendment, Mr. Chairman, to realize our request and put the funds in those places where they are most needed, taking into account developments not foreseen last fall.

We are addressing in the amendment only such specifics as currency revaluation, price increases for POL and food, unavoidable increases arising from SEA redeployments and base closures, and the most critical deficiencies in equipment maintenance. Other price increases will have to be absorbed in the accounts affected. We have taken account of reduced requirements in the operations appropriations wherever possible, to offset the added costs.

OTHER PRICE INCREASES

Chairman McClellan. What are some of the other price increases which must be absorbed and what is the total of these?

Mr. Wacker. As indicated in my statement, general inflation on other purchases of supplies, minor equipment and services based on an average 8 percent rate (increase from November 1972 to the end of June 1973) has added about $2 billion to Defense costs for fiscal year 1974. The $2 billion is an imputed figure—it may be high or it may be low—and is over and above the $1 billion identified for currency revaluation, POL, and food price increases. These increases have occurred across-the-board: goods and services purchased in the operation and maintenance appropriations; some travel costs financed by the military personnel appropriations; items other than major weapons financed in the procurement appropriations; R.D.T. & E. contracts not a part of a major weapon system; and nonpay costs financed in a number of smaller appropriations.

As previously noted, MASF reductions of $187.3 million within the operations accounts are proposed to be applied to these needs. Programs such as Champus have been repriced, and slippages in reserve component strengths have been translated into dollar savings which can be applied against those activities where costs have unavoidably increased. We have taken into account the military manpower reductions reflected in the House authorization bill for fiscal year 1974.

We began, then, with total price and revaluation increases of about $3 billion since the budget estimates were prepared, plus unavoidable increases arising from redeployments, base closures, and equipment maintenance deficiencies.

We considered only the most immediate and specific of these, including $1 billion for currency revaluation, POL, and food cost increases. We directed that these increases be absorbed or offset wherever possible. What remained was a need to shift $716.9 million in the estimates previously submitted, to aline our fund requests with the area of most critical need.

BUDGET AUTHORITY

The shift is summarized in the following table, showing budget authority in thousands with the number of appropriations involved shown in parentheses:

	Thousands
Increases:	
Military personnel (4)	$144,600
Operation and maintenance (9)	559,900
Military construction (1)	4,300
Family housing (2)	38,100
Total increases (16)	716,900
Decreases:	
Military personnel (2)	56,700
Procurement (10)	436,300
R.D.T. & E. (3)	55,000
Pay and legislative contingencies (1)	168,900
Total decreases (16)	716,900

MANPOWER AUTHORIZATION REDUCTION

Chairman McClellan. You say that you have taken into account the military manpower reductions in the House authorization bill. Is this the reduction of 13,037 in fiscal year 1974 endstrength? What is your estimated fiscal year 1974 savings using this reduction? What is your estimated fiscal year 1974 savings using the Senate endstrength reduction of 156,100?

Mr. Wacker. Overall savings from the 13,037 reduction in the House Authorization Bill and reflected in the budget amendment is $144 million. Nearly $140 million of this savings applies to the Army.

Fiscal year 1974 savings using the Senate endstrength reduction of 156,100 has been estimated at $76 million. This figure was derived by having the military services cost out the illustrative strength reductions contained in the Senate report, with time phasing and method of achieving the reductions left to the individual service. The Air Force estimated additional costs during fiscal year 1974 since 5,000 to 6,000 of its reduction would have to be accomplished by involuntary release of officers, requiring the payment of readjustment pay, travel and terminal leave for each officer with no offsetting man-year savings. The $76 million figure does not consider severance payments for regular officers and enlisted personnel as authorized in the Senate bill.

STATUS OF BUDGET ITEMS

INCREASES

As I said earlier, 16 appropriations increased by $716.9 million, and 16 others, including the contingency item, decreased by $716.9 million.

Senator Young. Do operation and maintenance include food costs, or where is that covered?

Mr. Wacker. The food is primarily in the military personnel appropriations, the subsistence costs for the military forces. The operation and maintenance appropriations pay for most of the petroleum and oil and lubricants, POL costs, as well as the currency revaluation. These are spelled out in considerable detail in the justification book we provided.

DECREASES

As noted above, $56.7 million of the decreases are in military personnel appropriations. These derive from the strength shortfalls and other factors mentioned earlier. The $436.3 million reduction in procurement appropriations includes the net MASF reduction discussed earlier—$111.3 million after reconstitution of inventories; $292.1 million in reductions reflected in the fiscal year 1974 authorization bill as it passed the House; and $32.9 million in other reductions.

The R.D.T. & E. reduction of $55 million is reflected in the fiscal year 1974 House authorization bill. The remaining $168.9 million of the additional requirements are offset by a reduction in the January contingency allowance estimate. This reduction in the contingency allowance is feasible since the estimates underlying it were predicated upon an effective date of July 1, 1973, for new legislation. It is now clear that the legislation, if enacted, will take effect at a later date.

AUTHORIZATION DECREASES

Chairman MCCLELLAN. You speak of House fiscal year 1974 reductions of $292.1 million in procurement and $55 million in R.D.T. & E.—or a total of $347.1 million in reductions. The House actually made reductions of $1.5 billion. How do you account for the wide variance in these figures?

Mr. WACKER. The $292.1 million and $55 million amounts cited in my statement merely represent the net amount of decreases that could be safely taken in the procurement and R.D.T. & E. appropriation accounts for line items subject to authorization. In order to find the $716.9 million needed in the 16 appropriation accounts and at the same time remain within the $85 billion TOA, as I indicate on page 3 of my statement it was necessary to identify the appropriation accounts to which decreases could be applied. The process went this way: First, we determined that $56.7 million could be taken from the military personnel appropriations; second, that $111.3 million of the MASF savings could be applied; third, that $32.9 million for procurement of line items not subject to authorization could be eliminated or deferred; fourth, $292.1 million in procurement and $55 million in R.D.T. & E. appropriation accounts for which prior authorization was required were identified; and fifth, the $168.9 million balance would be taken from the contingency allowance. In determining the availability of procurement and R.D.T. & E. funds subjects to authorization and identifying the line items to be reduced or eliminated, we had to consider the House authorization bill, the report of the Senate Armed Services Committee, and the reclama position of the Department of Defense with respect to the House and Senate actions.

OTHER ITEMS

As to general provisions, Mr. Chairman, we ask that the limitation for "Overseas Dependents Education," section 707(a), be increased to $196.614 million, from the $187.114 million requested in the January budget. The $9.5 million increase is to cover the impact of currency revaluation being felt in both the Pacific and European school systems.

Chairman MCCLELLAN. Will that be covered?

Mr. WACKER. The increased dollars are covered here in the amended request, and this request is with respect to the limitation.

By far the largest impact derives from the dollar revaluation in relation to the German Deutsche mark. The program is not able to absorb cost increases of this magnitude within the limitation originally requested.

INCREASE FOR OVERSEAS DEPENDENTS EDUCATION

Chairman MCCLELLAN. Is the $9.5 million increase in the limitation for Overseas Dependents Education the same amount which you informally sought when the committee was considering the second fiscal year 1973 supplemental bill? Where will the additional $9.5 million come from?

Mr. WACKER. The $9.5 million increase in the limitation for Overseas Dependents Education is for the same purpose, to satisfy dollar devaluation requirements, as that requested when the committee was considering the second fiscal year 1973 supplemental bill. At that time, the devaluation impact was estimated at $4,886,000. The $9.5 million amount reflects further devaluation since that time and will be accommodated by the puts and takes contained in the amended budget requests.

At the time of our earlier appearance before the committee, we also asked that we be given a 5 percent flexibility in the limitation commencing in fiscal year 1974. From a revised base including the amount for dollar devaluation this would approximate $9.8 million. This flexibility would allow for unprogramed cost increases such as a possible appellate court decision requiring us to make payment for additional teaching experience, for further devaluation, or the like.

JUSTIFICATION BOOKS

Before closing, Mr. Chairman, I would like to mention one further point by way of clarification. This involves the justification books. The books we submitted originally, in January 1973, included the cost of the January 1973 general pay increase. This was in accordance with past practice and on the assumption that an amended estimate covering this pay raise would be submitted in the spring. This has not been done, though, so the official estimates now before the Congress—amended in line with the matters we have been discussing today—do not include the January 1973 pay increase.

Chairman MCCLELLAN. Will they have to be appropriated for?

Mr. WACKER. They will have to be appropriated for.

Chairman MCCLELLAN. In a supplemental appropriation?

Mr. WACKER. Yes, sir.

Chairman MCCLELLAN. For this fiscal year?

Mr. WACKER. That is right, sir.

Chairman MCCLELLAN. You are not asking that it be added now?

Mr. WACKER. No, sir.

SUPPLEMENTAL REQUESTS FOR PAY INCREASES

Chairman MCCLELLAN. What do you anticipate the supplemental requests will be for these pay increases?

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Mr. WACKER. The January 1973 pay raise, which will be in effect for all of fiscal year 1974 will be on the order of $1.6 billion.

Chairman MCCLELLAN. We will expect a supplemental for that later?

Mr. WACKER. Yes, sir.

Chairman MCCLELLAN. Well, you just had another raise in October?

Mr. WACKER. That is absolutely correct. The October pay increase will also undoubtedly come up in the form of a supplemental and will reflect the 9 months' effect.

Chairman MCCLELLAN. Will that be in addition to the first supplemental of $1.6 billion. What will that require?

Mr. WACKER. Yes, sir; I believe I have a summary. It will be about $1.1 billion.

Chairman MCCLELLAN. That is $2.7 billion for pay increases alone which we can expect supplementals for?

Mr. WACKER. Yes, sir. Twenty-one months of pay will be covered in that supplemental, though.

Now, the dollars are in the contingency estimates in the budget, but the technical submission of them will be by a supplemental request.

Chairman MCCLELLAN. This is already included in the budget?

Mr. WACKER. Yes, sir.

Chairman MCCLELLAN. Your reference to a "contingency estimate" is a signal for a supplemental request?

Mr. WACKER. That is right, sir.

Chairman MCCLELLAN. Then we can expect a supplemental request for that amount?

Mr. WACKER. That is right, sir.

CONTINGENCY UTILIZATION

Chairman MCCLELLAN. Does the $85 billion in total obligation authority for fiscal year 1974 include the $1.6 billion in the anticipated supplemental request for the fiscal year 1974 cost of the January 1, 1973 pay increase? How will the October 1, 1973 pay increase affect this figure?

Mr. WACKER. In the budget amendment before you, we are requesting that $168.9 million of the January contingency allowance be applied toward the $716.9 million increases in 16 appropriations. The balance of these increases will be accomplished by decreases in 15 appropriations. After applying the $168.9 million to this purpose, $3,256.1 million of the January contingency allowance included within the $85 billion TOA total will remain. Both the $1.6 billion required for the January 1, 1973, pay increase, and the $1.1 billion now estimated as the cost of the October 1, 1973, pay increase can be accommodated within the contingency allowance, without need for increasing the $85 billion TOA request.

Chairman MCCLELLAN. Any questions, Senator?

Senator YOUNG. Off the record.

[Discussion off the record.]

Mr. WACKER. That completes my statement, sir. The gentlemen I have with me you are acquainted with—General Kjellstrom of the Army, Admiral Cooke of the Navy, and General Fish of the Air Force.

Department of the Army

STATEMENT OF MAJ. GEN. JOHN A. KJELLSTROM, DIRECTOR OF ARMY BUDGET, OFFICE OF THE COMPTROLLER OF THE ARMY

PREPARED STATEMENT

Chairman McClellan. Do you have a statement, General?
General Kjellstrom. I have a statement.
Chairman McClellan. Let your statement be inserted in the record.
[The statement follows:]

INTRODUCTION

Mr. Chairman and Members of the Committee:

My purpose today is to present the Army portion of the FY 1974 Budget Amendment.

The amendment reduces the budget authority for Army appropriations by $141.5 million from the levels contained in the President's budget request. This reduction is comprised of Military Assistance, Service Funded (MASF) program decreases of $123.6 million, and a net decrease of $17.9 million in other adjustments.

MASF PROGRAM

MASF program changes are contained in the Military Personnel, Army, Operation and Maintenance, Army and Procurement of Ammunition, Army appropriations. In MPA, $7.8 million is withdrawn to reflect the reduced requirements for Laotian subsistence. The OMA decrease of $4.5 million represents the net of a $94.1 million reduction in MASF activities offset by application of $89.6 million for currency revaluation requirements in Europe. A reduction in the ammunition procurement program of $299.1 million is based on reduced ammunition consumption in Southeast Asia following the ceasefire. Of this amount, $187.8 million is required to replenish inventory stocks which have been drawn down as a result of previous SEA consumption and to protect essential production capabilities. The net reduction in the ammunition procurement program is $111.3 million.

OTHER CHANGES

The adjustments in this amendment, other than those affecting MASF, are required to reflect pricing changes and functional adjustments which have become necessary since the FY 1974 budget request was developed last Fall. Those changes related to the operating accounts are of particular significance, and I will cover these in some detail.

PERSONNEL

In the personnel area, price and rate increases, coupled with certain program changes, have resulted in an additional requirement of $36.4 million for the Military Personnel, Army appropriation.

Currency revaluation has caused the price of perishable subsistence items obtained through off-shore procurement to increase, and has resulted in the establishment of Cost of Living and Housing Allowances for all personnel residing on the economy in Germany, as well as increases in these allowances for personnel living in other overseas areas.

In addition to the effects of currency revaluation, increasing food costs, in general, have created the need for additional funds in our subsistence accounts.

As we move toward the baseline force, we find that the average years of service for pay purposes is increasing for most of the officer grades. Likewise, we are experiencing an increase in the percentage of our personnel now eligible for basic allowance for quarters, even though we have made no policy change in this area.

Our permanent change of station travel costs are also rising. Military Airlift Command tariffs have been increased; the Interstate Commerce Commission approved an increase in the household goods tariff; and we have experienced increases in the cost of an average move. In

addition, as I have previously communicated to the committee, we will be unable to achieve the average enlisted tour length of 27 months we originally had projected for Europe and Hawaii. Our current projection for these areas is 24 months.

Other requirements for increased funds have been caused by a modified manpower program which revised the estimates for accessions and separations to reflect our most recent experience, the 4,900 officer reduction in force, and a requirement to continue to pay the extra hazard premium for Servicemen's Group Life Insurance.

These MPA fund requirements have been partially offset by savings from a total reduction of 19,400 manyears, including 11,900 manyears and $138.2 million associated with the Vietnam Cease-fire.

The Reserve Personnel, Army appropriation funding level in the amended budget is $32.8 million below the original request. A lower REP program (-$58.0 million), and a shortfall in Advanced Course ROTC enrollment and decreased ROTC subsistence allowance funding (-$1.3 million) are partially offset by a higher Selected Reserve strength ($+22.8 million) and $3.7 million in increases for other subsistence and clothing costs.

The amendment reflects a reduction of $23.9 million for National Guard Personnel, Army. This decrease is primarily the result of a reduced number of Reserve Enlisted Personnel in training at end FY 1973, and a reduced forecast of REPs entering training in FY 1974. Increases in enlisted pay and subsistence and clothing rates partially offset the training reductions.

OPERATION AND MAINTENANCE

Each of the appropriations in the Army budget is critical to the overall balance of support. However, no other appropriation is as directly

related to the level of support provided to the individual soldier as is OMA. This appropriation provides the vital link between the soldier and his equipment and supports the combat readiness of each. It supports most of the soldier oriented programs which have a direct, visible impact on maintenance of the all volunteer force; and it pays for the majority of the Army's civilian employees. Finally, it provides for repair and maintenance of the real property facilities in which the soldier lives and works; for the supplies, tools and equipment which he uses in his job; and for the training which enables him to use them.

In short, the level of funding in the OMA appropriation is extremely critical to the Army because it directly influences the readiness level of our combat forces, the standard of living for the individual soldier, and our capability to maintain an adequate force level in the absence of the draft.

The net increase of $70.6 million provided in the amendment for Operation and Maintenance, Army is necessary to partially finance the increased costs associated with the devaluation of the dollar and changes in the exchange rates for foreign currencies since submission of the budget estimate. This requirement impacts on the purchase of foreign currencies to cover supplies, equipment and services procured in foreign countries and the pay of foreign national employees. It is based on the difference in the exchange rates on 18 December 1971, which were the basis for the budget estimate, and the exchange rates on 20 August 1973.

The amendment also provides for the financing of increased costs from assets available from within the appropriation.

These increased costs include the remainder of the currency revaluation requirement of $128.9 million; $57.8 million for price increases for petroleum products; and $1.5 million for Army participation in the Federal Executive Development Program. Base closure costs, including the change

in the planned closure of Fort Dix and slippage of reorganization actions into FY 1974 due to delayed announcements, amount to $20.4 million.

The assets available within the appropriation to finance these increases include ceasefire savings and reduced CHAMPUS requirements. The revised Military Assistance Service Funded (MASF) Program is $94.1 million lower than the initial budget estimate as a result of the ceasefire in Vietnam and Laos. The Non-MASF ceasefire savings were $66.3 million, and consisted of $25.8 million for MACV advisors and $40.5 million in manyear related and support costs for US Forces. CHAMPUS requirements are estimated to be $48.2 million lower than the budget estimate due to a change in the patient mix, reduction in average daily patient load and changes in dental approval procedures.

The OMA portion of the amendment contains the functional transfer of funds between budget activities to reflect the refinement of funding responsibilities between commands resulting from the Army Command reorganization within CONUS. Additionally, the amendment accommodates various functional transfers not associated with the Army reorganization, but which otherwise would have been submitted subsequent to the enactment of the appropriation as reprograming actions. Both of these types of transfers are functional in nature and represent the utilization of funds for the purpose originally contemplated and justified.

A measure of OMA funding adequacy - the standard of living - is expressed in variable dollars per military manyear supported. Incorporating the increases contained in this amendment, the $2,622 variable dollars per manyear in FY 1974, when compared to the $2,583 variable dollars per manyear in FY 1973, indicate that the standard of living has increased by $39 per manyear.

However, this comparison does not reflect the impact of inflation on the purchasing power of the dollars included in this amended request. Under present budgeting procedures, we do not provide for the effects of inflation on the prices of non-personnel compensation elements of the budget - supplies, equipment and services - that constitute over half of this total request. The budget estimate is developed in terms of prices in effect at preparation time, yet we pay for goods and services at prices prevailing during the year of execution, a time frame spanning a period that starts 12 months after initial budget preparation. This decline in purchasing power on the variable dollars per manyear, expressed as the Future Value, reduces the FY 1974 dollars per manyear to $2,547, or $36 less than the FY 1973 level.

Further changes in the amendment affecting operation and maintenance costs include POL cost increases of $1.6 million for Operation and Maintenance, Army Reserve, and $3.4 million for Operation and Maintenance, Army National Guard.

INVESTMENT

The amendment contains reductions of $76.3 million in the Procurement Appropriations in addition to the $111.3 million reduction in ammunition procurement cited in the discussion of MASF program changes. Research, Development, Test and Evaluation funding is decreased by $13.5 million, while funding for Construction increases by $4.3 million. Details concerning these adjustments are contained in the Justification Books before the Committee, and I will not discuss them further at this time.

FAMILY HOUSING AND HOMEOWNER'S ASSISTANCE

The amended request for Army Family Housing provides for increases in operation and maintenance costs totalling $31.1 million to counter effects of currency revaluation. Of this amount, the $30.1 million

which applies to the Family Housing program in Europe represents 29% of the $105 million program in that area. Actions taken to partially offset the impact of revaluation include deferral of procurement of furnishings and deferral of essential maintenance and repair. Such actions provide only partial and temporary relief and are not adequate solutions to the problem. As a result of these actions, the backlog of essential furnishings procurement and deferred maintenance is increasing.

Homeowner's Assistance Funding is revised upward by $7.0 million to cover continuing needs and to provide for the heavy impact from base realignments announced in April 1973.

CONCLUSION

There are two major points I wish to emphasize in concluding this presentation.

The first concerns inflation. We have not provided funds in the President's budget or in this amendment to cover increased prices in operating accounts which we know will occur during execution of the FY 1974 Budget Request. The loss of purchasing power within the OMA appropriation, which is estimated to have decreased since the fall of 1972 by nearly $200 million exclusive of currency revaluation, is a typical example of the impact of inflation on our appropriations.

Finally, the program changes requested are designed to facilitate utilization of funds for the purposes identified in the justification of estimates, and to reduce requirements for reprograming following approval of the President's Budget.

Mr. Chairman, this concludes my statement. I am prepared to answer questions on the details of the Army's request.

SUPPLEMENTATION OF PREVIOUS TESTIMONY

Chairman McCLELLAN. I suggest you supplement in your testimony that which relates to what we have already heard from Mr. Wacker.

General KJELLSTROM. Sir, I can supplement it off the cuff without going into my statement.

Chairman McCLELLAN. That is what I would like you to do.

CURRENCY REVALUATION

General KJELLSTROM. The impact of the currency revaluation is very severe for the Army because of our stationing of forces in Europe. As you know, the currency revaluation in Germany alone amounts to about a 34-percent increase over the exchange rate that we used at the time of the submission of the budget. Currency revaluation for the Army included in this amendment is $276 million.

Another item I would like to highlight is the fact that this budget amendment takes into consideration many small changes to the Army's budget that have transpired since last October and November, when the budget was initially prepared. This will allow us to avoid forwarding many separate reprograming actions to the Congress.

OPERATION AND MAINTENANCE ACCOUNT

The last thing I would like to emphasize, Mr. Chairman, is the fact that our Operation and Maintenance, Army, appropriation, has the most urgent problem. Our operation and maintenance account provides for the readiness of our forces and the maintenance of the standard of living for our personnel and their dependents.

With that, sir, I feel that Mr. Wacker's statement plus the supplemental remarks covered the more important points.

REPROGRAMING ACTION

Senator YOUNG. Does any of this involve reprograming action? Do the requests here require action by committees of Congress?

General KJELLSTROM. No, sir; they are realinement or changes in the Army requirements, sir, that have taken place which could not have been addressed because we didn't know they were going to happen at the time of the submission of the President's budget.

Chairman McCLELLAN. One other question at this point. Off the record.

[Discussion off the record.]

HOUSE ACTION

Senator HRUSKA. Has a similar presentation been made in the House?

Mr. WACKER. It has not been made yet.

Senator HRUSKA. Will it also be on the same basis as made here? It will be incorporated in the bill and not as a transfer of funds?

Mr. WACKER. Yes, sir; the House will be dealing with precisely the same amount.

If I could amplify for Senator Young, because I think part of your question ought to be answered that this requires no further action by the Armed Services Committee; it does not involve additional considerations in the authorization bill for procurement.

QUESTIONS AND ANSWERS

Chairman McCLELLAN. I have a number of questions based on material in your prepared statement and the justifications that I would like to ask.

LAOTIAN SUBSISTENCE

First of all, please explain the requirements for Laotian subsistence. How much remains in the fiscal year 1974 budget for the item?

General KJELLSTROM. The Laotian subsistence requirement provides rice, protein, and condiments for issue to indigenous paramilitary personnel. The fiscal year 1974 requirement now stands at $10,899,000, having been reduced $7.8 million from the President's budget.

LEVEL OF AMMUNITION STOCKS

Chairman McCLELLAN. When you speak of replenishing ammunition inventory stocks, what levels will you attain and will these meet inventory objectives?

General KJELLSTROM. We will attain 78 percent of our authorized acquisition objective (AAO) which will meet our inventory objective for fiscal year 1974 and enable us to maintain a warm production base.

COST-OF-LIVING AND HOUSING ALLOWANCES

Chairman McCLELLAN. When were cost-of-living and housing allowances effective for personnel residing on the economy in Germany? What is the amount paid to each individual? What qualifies a person to receive the allowance? What other oversea areas had personnel living allowance increases and in what magnitudes?

General KJELLSTROM. Sir, I would like to provide that for the record.

[The information follows:]

1. The cost of living allowance for Germany became effective on July 26, 1973 and the current housing allowance on July 20, 1973.

2. The amount paid to each individual will vary by location in Germany based on the expenses for a particular area. Examples of some monthly amounts in Germany are provided on the following table:

	Individually sponsored	Command sponsored
(a) Cost of living allowance (Index 104):		
O3 (with 2 dependents)	$19.50	$25.50
O2 (with 2 dependents)	18.00	22.50
E4 (with 2 dependents)	13.50	18.00
E3 (with 2 dependents)	13.50	.....
(b) Housing allowance (Index 130):		
O3 (with dependent)	48.00	58.50
O2 (with dependents)	42.00	52.50
E4 (with dependent)	24.00	36.00
E3 (with dependent)	21.00	.....

3. General qualifications for Overseas Station Allowances.

a. Cost of Living Allowance—(1) payable to members with dependents notwithstanding availability of government quarters, (2) payable to members without dependents when government mess is not readily available.

b. Housing Allowance—payable to members with and without dependents at all times except when government quarters are assigned.

4. During the past year Station Allowances were changed in each of the following countries: Afghanistan, Australia, Austria, Bahamas, Bahrain, Belgium, Cameroon, Republic of Chad, Cyprus, Czechoslovakia, Denmark, Ethiopia, Finland, France, W. Germany, Ghana, Hong Kong, Norway, Portugal, Romania, Republic of Senegal, Singapore, Somalia, Spain, Sweden, Switzerland, Tunisia, Syrian Arab Republic, U.S.S.R., Venezuela, Iran, Iraq, Ivory Coast, Japan, Jordan, Kuwait, Lebanon, Libya, Luxembourg, Malagasy Republic, Malaysia, Republic of Mali, Mexico, Morocco, Netherlands, New Zealand, and Republic of Niger.

Though most of the changes resulted in increases there were some downward adjustments. The overall result of the changes resulted in a net increase or approximately 12 percent.

INCREASE IN ELIGIBILITY FOR QUARTERS ALLOWANCE

Chairman McClellan. To what do you attribute the increase in the percentage of personnel eligible for basic allowance for quarters?

General Kjellstrom. I will provide the information for the record.

[The information follows:]

The increased percentage in BAQ eligibles is not a result of any policy change but is a function of the manpower program decline and marital status increase since the fiscal year 1974 President's Budget was submitted. The reduction in strengths and manyears reflected dollar savings in the Budget Amendment including BAQ. However, the manyear reductions occurred primarily in the lower officer and enlisted grades who were not drawing BAQ. Thus, the percentage of BAQ eligibles to total manyears in each of the lower grades has increased. Also impacting on the increased percentages is the increased marital content in the lower grades. For example, the sample survey estimate of marital status reveals that 85.2 percent of grade 0–3's were married when the fiscal year 1974 President's Budget was submitted. Current survey indicates that this percentage is 87.9 percent. In the enlisted area, 38.8 percent of E–4's were married when the fiscal year 1974 President's Budget was submitted; current percentage is 43.9 percent. These increased percentages applied to current manyears and compared to the fiscal year 1974 President's Budget results in the increased requirement. Examples of the percentage increases are shown in the following table.

PERCENT DRAWING BASIC ALLOWANCE FOR QUARTERS WITH DEPENDENTS

Grade	Fiscal year 1974 Presidential budget (percent)	Current estimate (percent)	Difference
O–4	54.9	56.4	+1.5
O–3	47.5	51.6	+4.1
O–2	31.9	37.5	+5.6
E–5	47.8	49.2	+1.4
E–4	27.8	37.6	+9.8
E–3	23.4	25.4	+2.0

EUROPEAN AND HAWAIIAN TOUR LENGTH

Chairman McClellan. Do you still plan to extend the tour length for Europe and Hawaii when the situation permits?

General Kjellstrom. The prescribed tour lengths for Europe and Hawaii have not been changed. The 27 and 26 month average enlisted tours for Europe and Hawaii in the fiscal year 1974 budget submission were goals the Army hoped to achieve in fiscal year 1974. The short-

fall in first term enlistments for overseas has dictated that some replacements be assigned overseas who can only serve a portion of the prescribed tour prior to their separation from the service. This action has reduced the estimated average enlisted tour length in fiscal year 1974 for Europe and Hawaii to 24 months. The Army is continually trying new methods of increasing first term enlistments for overseas and thereby increase the average overseas enlisted tour length.

RESERVE ENLISTMENT PROGRAM

Chairman McCLELLAN. What is the REP program?

General KJELLSTROM. The REP program refers to the Reserve enlistment program of 1963. This program was established in September of 1963 with the passage of Public Law 88–110 (sec. 511(d) 10 U.S.C.). Reserve component enlistments are acquired under the provision of this law, and personnel enlisting since its enactment have become known as REP's. A 6-year obligation is incurred upon enlistment with the Reserve components under the provisions of this law. These enlistees are initially brought on active duty for training to qualify them in the MOS in which they enlisted. The average amount of training time required for each enlistee is 5½ months. The law prescribes that these enlistees must serve a minimum of 4 consecutive months of active duty training.

Chairman McCLELLAN. Give us some significant comparison as to foreign exchange rates as of December 18, 1971, and August 20, 1973.

General KJELLSTROM. Yes, sir. If I may, I will provide for the record a table showing those comparisons.

[The information follows:]

COMPARATIVE FOREIGN EXCHANGE RATES—FOREIGN CURRENCY UNITS PER DOLLAR

	Rates as of Dec. 18, 1971	Rates as of Aug. 20, 1973	Percent increase
West Germany (Deutsche mark)	3.22	2.41	+33.6
Belgium (Belgian franc)	44.82	36.63	+22.4
Italy (Lira)	585.48	566.57	+3.3
France (Franc)	5.12	4.22	+21.3
Netherlands (Guilder)	3.25	2.65	+22.5
Japan (Yen)	308.0	264.90	+16.3

FEDERAL EXECUTIVE DEVELOPMENT PROGRAM

Chairman McCLELLAN. Discuss Army participation in the Federal executive development program and its cost.

General KJELLSTROM. Yes, sir. The Department of the Army has been providing executive training on a decentralized basis but moves, transfers, and other personnel actions precluded a formalized and planned executive development program.

On July 17, 1973, the Office of Management and Budget selected Department of the Army to participate in a special effort to increase the level of executive development activity in fiscal year 1974 and improve the planning for those programs in fiscal year 1975. The executive development instructions for fiscal year 1974 will require Department of the Army to centrally administer, control, and report by name progress to meet the objectives of the program.

An Army-wide survey was conducted and 3,702 civilian executives have been identified for development under this program in fiscal year 1974. This information is being provided the Civil Service Commission who will manage the Federal program.

We have identified $1,032,123 in command and agency fiscal year 1974 budgets which was planned for executive development on a decentralized basis. The $1,500,000 requested in the amendment will provide a total of $2,532,123 to fund the program in the remainder of fiscal year 1974. Three million dollars will fund the program for fiscal year 1975 and each out-year.

FORT DIX CLOSURE

Chairman McCLELLAN. What are the changes in the planned closure of Fort Dix?

General KJELLSTROM. There are currently no approved plans to close Fort Dix. The Army is in the process of developing a long range stationing plan aimed at determining the best and most economical use of all Army facilities. Future utilization of Fort Dix will be determined as a result of that study.

SAVINGS RESULTING FROM BASE CLOSURES

Chairman McCLELLAN. Though the base closure costs and slippage or reorganization require an additional $20.4 for fiscal year 1974, will not significant savings be realized in future years?

General KJELLSTROM. Yes sir, after the expenditure of one-time costs in fiscal year 1974 there will be significant savings realized in future years as a result of the reorganization/realinement.

DENTAL APPROVAL PROCEDURES IN CHAMPUS PROGRAM

Chairman McCLELLAN. What changes have taken place in dental approval procedures within the CHAMPUS program?

General KJELLSTROM. I will provide the answers for the record.

[The information follows:]

In order to participate in the CHAMPUS program an orthodontia patient must submit an application to OCHAMPUS which indicates the details of the case. The OCHAMPUS dental advisers evaluate the case and score the application based on the Draker Index which measures the severity of the malocclusion. Prior to July 15, 1973, all cases which scored 14 points or more were eligible to participate in the CHAMPUS cost sharing program. The Secretary of Defense directed that after July 15 all cases must score 25 or more points in order to qualify for the CHAMPUS program.

ARMY REORGANIZATION SCHEDULE

Chairman McCLELLAN. Is the current Army reorganization proceeding as scheduled? How successful have you been in finding suitable employment for those civilian employees who were released or moved to other geographical areas?

General KJELLSTROM. The reorganization is proceeding on schedule within current Army planning. Civilian employees affected by the reorganization are afforded benefits to which they are entitled under the Department of Defense stability of employment program for career

employees, including priority rights to vacancies in other Department of Defense activities and priority for reemployment. In addition, local offices of the Civil Service Commission, State Employment Service office, and business firms are solicited for assistance in locating employment for those needing such assistance. The personnel placement status relative to the reorganization reflects a very favorable situation in finding suitable employment for affected individuals. As of the end of August 1973, 15,806 civilian positions have been affected by the reorganization. Determination on 14,162 of these positions has been made. Disposition on the remaining positions has not been made as yet. I will insert a table in the record, which shows the determinations by type.

[The information follows:]

Transferred with function	3,472
Placements in DOD, other Government agencies, or non-Federal jobs	6,338
Retirements	2,174
Resignations	913
Separated after suitable job offer	147
Separated for cause	136
Other separations (death, departed without formal resignation, absent without leave)	684
Separated without a suitable job offer	298
Total	14,162

STANDARD OF LIVING INDICATOR

Chairman McClellan. You speak of a standard-of-living indicator in variable dollars. What does this include?

General Kjellstrom. When determining our variable dollars, the total OMA funding is first reduced by non-force-related funding for such activities as strategic forces, support to other nations, and overseas dependent education to arrive at a force-related base. The force-related base is then divided into static and variable cost. The static cost being those costs that are not directly responsive to changes in military manpower. Examples are intelligence and communications activities, depot maintenance, and certain overhead functions in central supply, medical, and training activities. Some examples of costs considered variable with changes in military manpower are as follows: General purpose forces mission cost for supplies and spare parts, supplies and other services related to training, central supply operations and cost of transporting supplies and materials to the troops, and certain medical costs. The force-related variable cost is divided by the force-related man-years to arrive at a variable dollar-per-military man-year support level which we consider our indicator of standard of living.

STATUS OF M16A1 RIFLE FUNDING

Chairman McClellan. On page 160 of the justification, I note that the Army is withdrawing the request of $3.1 million to procure M16A1 rifles. How does the budget amendment relate to the action which the Senate has just taken to add $4,185,000 for the procurement of 31,000 additional rifles?

General KJELLSTROM. Both the Senate and House of Representatives Armed Services Committees denied the request to procure rifles because it was determined that the Army request was essentially based on a desire to maintain a warm base and that the Army had an adequate inventory of rifles considering the authorized acquisition objective stated in the budget submission. Initially, the Army elected not to reclama the House or Senate reductions on the M16 rifle because of a favorable asset position.

Because of the initial intent not to reclama the rifle, the $3.1 million was deleted in the budget amendment. When Senate floor action reinserted a rifle procurement of 31,000 at $4.185 million, the Army did not object since that was the original quantity requested and because the procurement would help offset the recently recognized increase to the authorized acquisition objective. The latter acquisition objective has increased by 75,773 rifles due to an Army decision to adopt a "one-rifle" (M16A1) concept rather than remain with a "two-rifle" (M14 and M16A1) Army. Additionally, a fiscal year 1974 rifle procurement would maintain a warm production line pending determination for a fiscal year 1975 procurement. Because of the inclusion of a rifle procurement in the Senate authorization bill, the Army's reevaluation of the revised AAO position, determined that an authorization of 22,600 rifles at $3.1 million would be sufficient to maintain the production line.

Since the Senate authorization bill added rifles, and since the Army consequently modified its reclama to acknowledge a desire to retain a rifle procurement, the budget amendment, as originally submitted (containing no funds for the rifle), no longer accurately reflects the current Army funding requirements for the rifle in fiscal year 1974.

SUBSISTENCE RATION RATES

Chairman MCCLELLAN. One thing more. I wish that you would provide or have provided the actual ration rates for personnel in the United States at 6-month intervals between fiscal years 1969 and 1973, as well as the actual and projected rates during fiscal year 1974.

General KJELLSTROM. I would be glad to see that the information is furnished.

[The information follows:]

SUBSISTENCE RATION RATES

1. Actual CONUS ration rates for the selected months, together with the yearly averages, are as follows (CONUS only; overseas rates are generally $0.03 to $0.05 higher):

	Fiscal year—				
	1969	1970	1971	1972	1973
December	$1.35	$1.40	$1.40	$1.55	$1.75
June	1.36	1.49	1.47	1.73	1.95
Average	1.34	1.45	[1] 1.42	1.58	1.82

[1] Decrease due to fluctuations in pricing of subsistence commodities by Defense Supply Agency.

The rates shown above are based upon the actual reported cost of unprepared subsistence commodities as issued to field ration messes. The rates do not include any costs associated with preparation or service.

2. Actual July and projected August, September and October CONUS ration rates, together with the net impact of each monthly increase, are shown below. For purposes of calculating the impact of the increase, it is assumed that the CONUS and overseas rates are the same (although, in reality, there is a slight difference) :

	Budget rate	Actual/estimated rate	Additional cost/month
July	$1.68	$1.97	$1,886,000
August	1.68	2.15	3,056,000
September	1.68	2.24	3,524,000
October	1.68	2.26	3,771,000

The estimated rates shown above are based on the Basic Daily Food Allowance (BDFA) which projects the anticipated costs of a selected number of subsistence items. The BDFA is generally quite close to the actual rate, and is therefore considered valid.

3. Based upon current average feeding strengths, an increase in the ration rate of $.01 results in an annual increase of $765,000.

Chairman McCLELLAN. Thank you, General. We shall now proceed with the next witness.

General KJELLSTROM. Thank you, Mr. Chairman.

DEPARTMENT OF THE NAVY

STATEMENT OF REAR ADM. EDWARD W. COOKE, DIRECTOR OF BUDGET AND REPORTS, OFFICE OF THE COMPTROLLER

PREPARED STATEMENT

Chairman MCCLELLAN. All right, Admiral Cooke, you may proceed. We will insert your statement in full in the record and you may highlight it.

[The statement follows:]

Mr. Chairman and members of the Committee:

It is my pleasure to appear before you to present the Department of the Navy Fiscal 1974 Budget Amendment request. This Amendment is the result of an extensive review of the Department of the Navy's FY 1974 annual appropriations and a determination that serious funding deficiencies exist, the resolution of which necessitated this Amendment to the FY 1974 President's Budget.

The majority of the shortfalls being experienced in the annual appropriations are attributable to three basic causes. First is the impact of price escalation and other inflationary factors over which we exercise no control and for which little latitude for budgeting exists. Tariff rate increases for transportation, fuel price increases, subsistence increases due to rising food prices, and the impact of dollar devaluation are examples of cost growth currently being experienced. Secondly, there are significant unbudgeted FY 1974 requirements related to Navy's assumption of executive agent responsibility for peacekeeping functions in Southeast Asia. As Executive Agent, the Navy bears the responsibility for funding the Defense Attache Office (DAO), Saigon which monitors the logistic and communication support of the Vietnamese Armed Forces, in addition to its normal attache and military assistance functions. Thirdly, the implementation of Shore Establishment Realignment (SER) programs has created a net FY 1974 budget liability due to unbudgeted costs for relocation, civilian personnel separations and other closure costs. Notwithstanding these initial costs, SER actions will result in a cost avoidance of over $221 million annually, commencing in FY 1976.

The combined impact of these three factors on the Department of the Navy's annual appropriations has been the creation of a net requirement for additional funds totalling $345.4 million, an amount necessary to provide minimum FY 1974 funding levels for these appropriations. As an offset to these increases, a reduction of $189.1 million is recommended under Department of the Navy procurement appropriations. The balance of funds required to support the necessary increases, $156.3 million, has been made available from other Department of Defense resources.

In addition to providing essential funding support for the annual appropriations, this Budget Amendment also incorporates certain balancing adjustments for which no additional funds are requested. These are required to correct funding misalignments in the President's Budget and will help to avoid the necessity for future administrative type reprogramming actions subsequent to enactment of FY 1974 appropriations. This is especially pertinent in FY 1974 should Congressional limitation be placed at the budget activity level for the Operation and Maintenance, Navy and Marine Corps appropriations.

Let me briefly describe the significant adjustments requested in this Budget Amendment by appropriation.

For the Military Personnel, Navy appropriation, $56.6 million is requested as an add on to the $5,299.0 million included in the FY 1974 President's Budget. These funds are required because of inflationary cost growth which has occurred since budget development and as a result of unbudgeted costs associated with announced base closures not incorporated in the FY 1974 President's Budget. The overall cost increases are primarily in the subsistence and PCS travel areas. In the subsistence area, the average daily rate for feeding the individual enlisted man has increased from a budgeted amount of $1.65 to a current rate of $2.15. This cost growth, when applied to the nearly 290 thousand enlisted personnel entitled to subsistence, equates to over $35 million. In PCS travel the Navy has experienced rate increases since budget development and increased costs related to ship and squadron movements resulting from the Shore Establishment Realignment program

amounting to a net increase of about $31 million. Other cost increases which exceed initial estimates are occurring in contributions to the Serviceman's Group Life Insurance program, clothing, and increased interest on uniformed savings deposits. The gross cost increases in this appropriation have been reduced by applying savings from reduced manyear requirements due to begin year strength which was below that planned in the President's Budget.

In the Military Personnel, Marine Corps account the situation is similar to that experienced in the Navy account. The $14.7 million in the Amendment request is due to cost growth since development of the $1,622.2 million included in the President's Budget. Subsistence cost increases amount to about $8 million while PCS travel has increased by almost $9 million. As in the case of the Navy account, the Marines are experiencing increases in clothing costs and making larger contributions to the Serviceman's Group Life Insurance program than anticipated. These cost increases have been partially offset by savings resulting from a lower begin strength and adjustments to bonus programs from that included in the President's Budget.

Under Operation and Maintenance, Navy, additional funding of $252.9 million is requested above the President's Budget level of $5,903.8 million. This appropriation has been severely impacted by cost growth. Fuel price increases alone require additional funding support of $84.3 million. Increased costs of goods and services resulting from the devaluation of the dollar have added another $22.9 million above amounts requested in the President's Budget. An additional $58.4 million is requested for the overhaul and repair of aircraft, engines and aviation components. Budgeted resources are no longer sufficient to support related workload due to inflationary cost growth and an increasing depth of rework required by the material condition of incoming aircraft. Costs due to base closures and activity consolidations require increased funding of $51.2 million to cover severance pay and other personnel costs, removal, relocation and reinstallation costs of tools and equipment, redistribution of inventories and other closure related costs. The assumption of Executive Agent responsibilities for the Defense Attache Office, Saigon, previously referred to, will cost the Navy an

additional $53.3 million in FY 1974. These are the significant increases requested in this appropriation. Increases are partially offset by decreases in civilian personnel manyears resulting from substantial retirements at the end of FY 1973 and by reduced Southeast Asia costs.

Additional funds of $12.3 million are requested in the Operation and Maintenance, Marine Corps appropriation above the $404.7 million contained in the FY 1974 President's Budget. These funds are requested due to the impact of dollar devaluation ($4.2 million) and other price increases such as fuel price increases ($3.0 million) and increased transportation tariff rates ($1.6 million). Increased costs due to renegotiation of the Japanese Master Labor Contract and other unbudgeted costs of about $1.0 million which occurred in the first quarter are other factors contributing to the Amendment for this appropriation.

For the Operation and Maintenance, Navy Reserve appropriation an additional $8.9 million is requested over the $166.5 million in the FY 1974 President's Budget. Of the requested increase, $5.3 million is related to fuel price increases, $1.2 million is for urgently needed ship maintenance, and $2.4 million is for inflationary cost increases in the reserve aircraft rework program. The latter increase will restore the rework of 23 aircraft to the originally requested level of 258 aircraft reworks and provide for a rework program comparable to that of the active forces.

As a partial offset to the above increases, selected procurement areas have been adjusted. The Aircraft Procurement, Navy appropriation has been reduced by $30.8 million. Contract prices negotiated for the FY 1973 buy of EA-6Bs indicate that FY 1974 funding for this aircraft can be reduced by $10.0 million from the January estimate. Repricing of the A-7E Corsair program due to the addition of an Air Force A-7D procurement in FY 1974 has reduced Navy's cost by $5.7 million. Deferral of production incorporation of the A-7E Target Recognition and Attack Multisensor (TRAM) in FY 1974 permits release of $9.1 million, and deletion of Ferranti FE 541 Inertial Navigation System from the Harrier V/STOL program allows a reduction of $6.0 million.

Weapons Procurement, Navy has been reduced by $8.6 million due to repricing of the Harpoon, Sidewinder, and MK-48 torpedo programs. The Harpoon was reduced by $2.2 million due to non-recurring engineering effort now being accomplished with RDT&E funds, and an additional $.8 million fleet support being moved forward to FY 1975. It has been determined that $1.5 million related to advance procurement items for the Sidewinder program can now be budgeted in FY 1975. Automatic test equipment related to the MK-48 program originally planned for installation on tenders is no longer required because of increased turnaround time and permits release of $4.1 million.

Shipbuilding and Conversion, Navy has been reduced by $147.7 million. The converson of three SSBNs from POLARIS to Poseidon capability has been deferred until FY 1975 because of operational requirements. The SCN program has been reduced by $100.0 million for this delay. The estimate for two DLG conversions has been reduced by $25.0 million due to the conversions being shifted from a Naval Shipyard to a private yard reflecting the lower cost of doing work in a private shipyard. The estimate for escalation on Prior Year programs has been reduced by $22.7 million as the result of a Contracting Officer's Decision on the LHA Development and Production Contract which reduced the escalation required to fund this contract.

The Procurement, Marine Corps appropriation has been reduced by $2.0 million. Based on an analysis of modification requirements in FY 1974, it has been determined that a reduction of $2.0 million related to modification kits is feasible without degradation to the Marine Corps Communications and Electronics network.

The remaining funds, $156.3 million, have been made available from other Department of Defense sources, external to the Navy. These sources include revisions to the Military Service Funded Program (MASF) forwarded to the Congress on 15 and 25 June 1973 by the Secretary of Defense and also Department of Defense Contingency Funds.

Mr. Chairman this completes my formal statement and I will be happy to answer any questions the Committee might have concerning this Amendment.

INFLATION, SUBSISTENCE, AND DEVALUATION

Admiral COOKE. The Navy also has certain administrative changes, Mr. Chairman, from one place, as has been mentioned, but, in addition, we do have urgent requirements in our annual accounts that have been included in Mr. Wacker's statement.

In the case of the Navy, I would perhaps point out three things. First is a general inflationary problem, basically reflected in rising costs of fuel, food, and to some extent in nearly everything we buy. In this general category I include dollar devaluation which is perhaps smaller in the Navy than in the other Services. It is about $29 million, with the largest single piece, almost $17 million associated with costs in Japan.

UNBUDGETED REQUIREMENTS

Now, the second thing I would mention is the Navy's unbudgeted requirements due to assumption of executive agent responsibility for peacekeeping functions in Southeast Asia. We picked up the centralized responsibility for military and civilian personnel engaged in administering and monitoring the assistance program as well as associated contractor support. The whole peacekeeping function was set up to operate for 1 year after the cease-fire. That probably will be extended now beyond the 1 year including the Joint Casualty Resolution Center and which supports the search for missing people. There is some detail in my statement on this subject.

NAVY'S SEA PEACEKEEPING FUNCTION

Chairman MCCLELLAN. Discuss the Navy's assumption of executive agent responsibility for peacekeeping functions in Southeast Asia. Didn't the Navy have this responsibility prior to the formation of the Military Assistance Command, Vietnam? Explain the unbudgeted requirements. Won't these costs which the Navy must assume be reflected in similar reductions in the fiscal year 1974 budgets of other executive agencies?

Admiral COOKE. Subsequent to the Vietnam cease-fire this year, the Navy was assigned complete responsibility for administering and monitoring the military assistance program, including financing of associated contractual effort, as well as for seeking resolution of the status of missing-in-action personnel. Prior to the establishment of the Military Assistance Command, Vietnam (MACV) in 1962, Navy's role in this theater consisted of a military assistance group typical of that in any foreign country. This group was later incorporated into MACV, with Navy financing the headquarters function, with field detachments and support contracts funded by the applicable service. Unbudgeted fiscal year 1974 requirements stem from assuming the field/contract support responsibility and the costs of civilian personnel in headquarters-type functions previously staffed by other service military personnel. It is my understanding that fiscal year 1974 costs savings made possible to the other services through the Navy's assumption of the executive agent role have been reflected in their amended requests.

SHORE ESTABLISHMENT REALINEMENT

The third thing that is different is implementation of our shore establishment realinements. As a result of closure, we have unbudgeted costs in our operating accounts of $71 million. These are relocation, civilian personnel separation, and other closure costs associated with changing our base structure.

Those are the three things which I think are unique in the Navy's request for budget amendment.

Chairman McClellan. You say the shore establishment realinement will result in fiscal year 1976 savings of $221 million. What is the estimate for fiscal year 1975?

Admiral Cooke. The net cost avoidance in fiscal year 1975 is $89 million due to the changes in the base structure. This is after applying a $67 million cost associated with realinement activities. By fiscal year 1976, most initial closure costs will have been accommodated, realizing almost the full annual projection of $221 million. The actual fiscal year 1976 cost avoidance estimate is now $212 million.

CONGRESSIONAL LIMITATION ON O. & M. FUNDS

Chairman McClellan. Just what do you mean by "should congressional limitation be placed at the budget activity level for operation and maintenance?"

Admiral Cooke. This statement reflects the Navy's understanding of congressional intent to enact fiscal year 1974 operation and maintenance appropriations at the budget activity level. Considerable reference to such a procedure was made in the House Appropriations Committee report for fiscal year 1973. This would essentially make each budget activity a separate appropriation from the standpoint of reprograming latitude available to the services, requiring a prior-approval reprograming action for even the smallest dollar change between activities. In order to minimize considerable reprograming paper work subsequent to appropriations enactment, the requested budget amendment has incorporated as many inter-budget activity business type or functional transfers as are currently known.

RATION ALLOWANCE INCREASE

Chairman McClellan. During what specific time span has the ration rate increased from $1.65 to $2.15?

Admiral Cooke. The $1.65 ration rate used to develop subsistence costs in the fiscal year 1974 President's budget was based on actual average cost experience in the January 1972 to June 1972 timeframe. The $2.15 rate represents anticipated cost per man per day for the month of October 1973. The increase therefore represents cost growth over an approximate 16-month period, from June 1972 to October 1973.

LIFE INSURANCE INCREASE

Chairman McClellan. Explain the increases in contributions to the serviceman's group life insurance program.

Admiral Cooke. The Navy did not include a funding requirement for SGLI contributions for fiscal year 1974 in the President's budget.

Since budget development, the Veterans' Administration has advised the Department of Defense that contributions are required in fiscal year 1974 to satisfy claims of those men being carried as missing-in-action or prisoners of war. VA estimates total claims to be $18 million. The percentage of premiums are to be 12 percent for July and August, and 20 percent from September to June in fiscal year 1974. This amounts to $3.3 million for the Navy and $1.1 million for the Marine Corps personnel appropriations.

O. & M. REQUIREMENTS

Chairman McCLELLAN. I note that the Army requires an additional $70.6 million for operation and maintenance, while the Navy requires an additional $252.9 million and the Air Force needs $202.1 million more. The Army has more military personnel than the other services. Can this variance be explained in that the other services have a greater requirement for petroleum products and the inflationary spiral in this area causes the imbalance?

Admiral COOKE. I can only speak for the Navy. Because of the number of ships and aircraft, the Navy is a prime consumer of petroleum products, the cost of which has escalated dramatically due to an inflationary spiral and by shortages in the product itself. The requested increase also accommodates requirements associated with assumption of SEA executive agent functions and the impact of a large base structure realinement.

Mr. WACKER. The impact of increased POL costs, as well as currency revaluation, the cease-fire in SEA, and restructuring of the MASF program all vary from one service to another. POL increases hit the Air Force hardest, the Navy somewhat less, and the Army still less. On the other hand, the Army feels the most impact from the currency revaluation because of the heavy concentration of Army personnel in Europe where most of the revaluation has occurred. Redeployment of U.S. Forces from SEA will cost the Air Force $32 million, while the Army will save $66 million and the Navy $34 million as a result of the cease-fire. The reduced MASF program benefits the Army and Air Force primarily. Costs incident to base closure and realinement will cost the Army more than $20 million, the Navy nearly $52 million. Critical ship and aircraft maintenance deficiencies will add $77 million to Navy costs. The Navy's role as SEA executive agent adds an additional $53 million. Repricing of the CHAMPUS program saves the Army more than $48 million, and the Navy $5 million.

All of these items were taken into account in determining the additional operation and maintenance requests for the services.

JAPANESE MASTER LABOR CONTRACT

Chairman McCLELLAN. Explain the renegotiation of the Japanese master labor contract. How many laborers are involved?

Admiral COOKE. The Japanese master labor contract, covering local national employees in Japan and Okinawa, was renegotiated on December 5, 1972. As a result, the amended contract provided for a 10.68 percent increase in basic salary, with a bonus and retirement increase

of 9.35 percent. These increased costs became known subsequent to fiscal year 1974 budget submission. Coverage under this contract extends to over 10,600 personnel, of which 8,121 are in support of Navy requirements and 2,604 in support of Marine Corps effort.

A–7D PROGRAM

Chairman McClellan. You say that the addition of an Air Force A–7D procurement in fiscal year 1974 has reduced the Navy's cost of the A–7E program by $5.7 million. The A–7D buy was not in the President's original fiscal year 1974 budget nor is it included in the amendments which we are considering today. The Senate has authorized $70.1 million to buy 24 aircraft in fiscal year 1974. The House conferees must agree and then Congress must act upon the authorization during consideration of the fiscal year 1974 appropriations bill. What happens to the $5.7 million A–7E saving if the A–7D buy is not funded in fiscal year 1974? Are there any other savings in your budget amendments which are predicated upon possible congressional action and President approval?

Admiral Cooke. If the 24 A–7D aircraft for the Air Force are not added to the fiscal year 1974 budget request, the $5.7 million savings in the Navy A–7E program will not materialize and an additional $5.7 million will be required to fully fund the program. The remaining fund sources cited in the budget amendment, although referred to in authorization recommendations, were Navy initiated and have Presidential approval.

LHA CONTRACT

Chairman McClellan. Has the contracting officer's decision on the LHA contract been appealed by Litton Industries? If so what is the nature and status of the appeal?

Admiral Cooke. Yes. Litton filed a complaint in July with the Armed Services Board of Contract Appeals. The Litton appeal was general in nature and sought complete relief from the contracting officer's decision. The complaint did not present the Litton position on each of the points in the contracting officer's decision. Information on the Litton complaint is currently being gathered by the staff of the Armed Services Board of Contract Appeals.

Chairman McClellan. Any other questions?

Senator Hruska. No.

Senator Young. No.

Department of the Air Force

STATEMENT OF MAJ. GEN. H. M. FISH, DIRECTOR OF BUDGET, HEADQUARTERS, U.S. AIR FORCE

PREPARED STATEMENT

Chairman McClellan. Major General Fish is next. We will insert your statement in the record.

[The statement follows:]

Mr. Chairman and members of the committee: The Air Force portion of the fiscal year 1974 budget amendment totals $137 million in the following appropriations:

	Millions
Military personnel, Air Force	+$6.9
Operation and maintenance, Air Force	+202.1
Operation and maintenance, Air Force Reserve	+2.0
Operation and maintenance, Air National Guard	+6.1
Aircraft procurement	−6.0
Missile procurement	−53.6
Research, development, test and evaluation	−20.5
Total	+137.0

The increases in the Military Personnel and Operation and Maintenance appropriations are required as a result of inflationary factors such as currency devaluation and fuel, clothing and subsistence price increases. The reductions in the Procurement and Research, Development, Test and Evaluation appropriations result from price and quantity reductions and program changes.

Military personnel, Air Force

	Millions
Previous request	$6,925.6
This amendment	+6.9
Revised request	6,932.5

The net increase of $6.9 million is the result of increases of $49.2 million offset by decreases of $42.3 million. The increases are directly related to escalation since the fiscal year 1974 Budget was prepared, as follows:

The devaluation of the dollar in overseas areas has necessitated an increase of $18.9 million in the overseas housing and cost-of-living allowances.

Inflation since the fiscal year 1974 Budget was prepared requires an increase of $14.7 million for airmen dining hall food and $11.1 million for initial clothing to be provided to new airmen and for clothing maintenance allowances.

Reassessment of Servicemen's Group Life Insurance requirements by the Veterans Administration requires $3.9 million and additional death gratuities amount to $0.6 million. These increases are partially offset by the following decreases:

The delay in the implementation of full travel entitlements for certain E–4s creates a reduction of $12.5 million.

The August 15, 1973 ceasefire has reduced the requirement for hostile fire duty pay by $11.4 million.

The estimated prisoner of war and missing in action (MIA) man-years have been reduced since the budget preparation. This is a reduction of $10.2 million.

Strength adjustments have resulted in an $8.2 million reduction.

Operation and maintenance, Air Force

	Millions
Previous request	$6,515.0
This amendment	+202.1
Revised request	6,717.1

The net increase of $202.1 million is needed as a result of the following:

Petroleum price increase ---------- $172.9 million.

This requirement accounts for the major increase in the Operation and Maintenance appropriation. Fuel for aircraft, vehicles and heating has increased in price since the fiscal year 1974 Budget was prepared. For example, the price of jet fuel increased from 11 cents to 15 cents per gallon, or 36 percent. Likewise, the price of regular aviation fuel increased from 19 cents to 26 cents per gallon.

Currency devaluation ---------- $47.7 million.

The fiscal year 1974 Budget was prepared on the basis of the October 1972 foreign exchange rates. The decline of the dollar in relation to foreign currencies since that time has been significant, for example, Germany 33.6 percent, Denmark and Holland 22.5 percent, Belgium 22.4 percent, Japan 16.3 percent, and Spain 16 percent.

SEA redeployment ---------- $32.2 million.

The fiscal year 1974 Budget did not include funds to redeploy forces that were sent to SEA during the surge in enemy activity or for the noncritical maintenance which had been deferred during Southeast Asia operation. A total of $32.2 million is required for redeployment and deferred repair to aircraft, vehicles and ground support equipment.

Airlift Service Industrial Fund (ASIF) tariff increase ---------- $23.4 million.

The Airlift Service Industrial Fund tariff increases because of the rise in the price of aviation fuel.

SEA low-altitude drone reconnaissance program ---------- $2.3 million.

The fiscal year 1974 Budget was prepared on the basis that the low-altitude drone reconnaissance program would be phased down in SEA to a contingency status. The revised planning is that it continue in an operational status during fiscal year 1974.

Revised military assistance service funded (MASF) program ---- —$76.4 million.

The ceasefire in Vietnam and Laos has resulted in reduced requirements for Military Assistance Service Funded Support to those countries. The $76.4 million reduction is in normal Operation and Maintenance functions such as the purchase of fuel, and supplies and equipment and the maintenance and repair activity. The $76.4 million reduction leaves $268.1 million of an initial requirement of $344.5 million for MASF in the fiscal year 1974 Budget.

Operation and maintenance, Air Force Reserve

	Millions
Previous request	$225.6
This amendment	+2.0
Revised request	227.6

The net increase of $2 million in Operation and Maintenance, Air Force Reserve is to provide for increased cost of Aviation Fuel.

Operation and maintenance, Air National Guard

	Millions
Previous request	$518.4
This amendment	+6.1
Revised request	524.5

The increase in Air National Guard O. & M. is caused by the price increase in aviation fuel. The net increase of $6.1 million is the result of a $10.5 million fuel increase, partially offset by $4.4 million in base transfer adjustments.

Aircraft procurement, Air Force

	Millions
Previous request	$2,912.8
This amendment	−6.0
Revised request	2,906.8

The reduction in Aircraft Procurement of $6 million consists of 2 items, C–5 and T–41. The C–5 is reduced by $5.9 million from $43.1 million to $37.2 million because subcontractor claims were settled for less than previously budgeted. The T–41 is being reduced from $0.1 million to $.035 million because 2 Army T–41 aircraft have been made available to partially satisfy this requirement.

Missile procurement, Air Force

	Millions
Previous request	$1,573.2
This amendment	−53.6
Revised requirement	1,519.6

The reduction of $53.6 million in Missile Procurement includes 3 items. In the Minuteman Program, $45.8 million less is required because the quantity of MM III missiles has been reduced leaving a revised requirement of $621.9 million. The Shrike program requires $2.2 million less because of a slippage in the Guidance and Control Program. A pricing adjustment to the SRAM program results in a $5.6 million reduction.

Other procurement

	Millions
Previous request	$2,004.9
This amendment	0
Revised request	2,004.9

Equal adjustments have been made between the Munitions and Associated Equipment and the Other Base Maintenance and Support Equipment Budget activities. There is no change to the total appropriation request. Munitions for the Military Assistance Service Funded Program (MASF) have been reduced by $188.2 million. Additional munitions funding totaling $173.2 million has been added to improve the Air Force readiness posture. First Destination Transportation requirements repricing reveal a requirement for an additional $15 million.

Research, development, test and evaluation

	Millions
Previous request	$3,212.5
This amendment	−20.5
Revised request	3,192.0

The decreases in this appropriation are $50.2 million resulting from the SCAD being reoriented to a technology program and $42 million from the rephasing of the AWACS for a total decrease of $92.2 million. This decrease is partially offset by increases of $71.7 million for a net decrease of $20.5 million. The increases are $14 million for the F–5F to initiate full scale development: $14 million to accelerate verification of advanced composite materials for large complex aircraft structures; $1.8 million for fabrication and test of innovative design; $2 million for the Stall/Spin Inhibitors program to reduce losses caused by out-of-control aircraft situations; $3.9 million for Advanced Radiation Technology: $6.9 million for improved tactical bombing; $6 million for Drone/RPV System Development: $2.6 million in F–4/F–105 Protective Systems; $8.5 million for compressor in the AEDC supersonic wind tunnel; $4.5 million for increased fuel costs; $2 million for Space Defense System; $1.9 million for Lightweight Fighter Engine; $1.9 million for 30 MM Gun System; $1 million for acceleration of development of Strategic Bomber Penetration aids; and $0.7 million for Advanced Space Communication Mr. Chairman, this completes my statement.

HIGHLIGHTS OF AIR FORCE AMENDED REQUESTS

General Fish. Thank you, Mr. Chairman. I believe Mr. Wacker's statement and the statements of our colleagues apply pretty much across the board to the Air Force. I can highlight a few items. Our POL increase is about $248.8 million from what was submitted in the initial submission of the 1974 budget. Currency revaluation is about $66.6 million. Subsistence is another item. Food costs in the dining halls, serving men that are entitled to dining hall privileges, has increased $14.7 million; and then we have clothing cost increases also, initial clothing issued to the airmen, and their clothing maintenance allowance costs, which account for about $11.1 million.

Those are the things that we talked about generally so far, and the Air Force has a couple of unique items. One is when the enemy invaded in South Vietnam a year ago in the spring, April of 1972, we had to deploy considerable forces to meet the surge of requirements, and those forces stayed in Southeast Asia until the cease-fire, and then we started redeployments. These redeployments were not included in the budget for 1974, so the cost of redeploying forces as they came out of Southeast Asia—and they are not all out, as you know, but they are coming out—this has cost us extra moneys.

In addition, the forces were sent over quickly and we had to defer some of the equipment maintenance, which is now coming home to roost, and we will have to take care of those.

Chairman McClellan. So it is all taken care of by these transfers?

General Fish. Yes, all of these transfers do take care of it. Then we have, like the Army and Navy mentioned, some programs that have changed since the budget submission, and in order to insure that we don't have to come over here with a series of reprogramings, we have accommodated them within this amendment. It is all explained in the justification backup books and summarized in my statement.

Senator Young. Mr. Chairman, I didn't know that the Air Force has personnel in Vietnam yet.

General Fish. Sir, Southeast Asia—may I amend my comment—I should say "Southeast Asia." Thank you, Senator Young. Southeast Asia is the area.

HOUSING AND COST-OF-LIVING ALLOWANCE FOR GERMANY

Chairman McClellan. Have you initiated a housing and cost-of-living allowance for Germany as the Army has done? Are the amounts paid and qualifications for participants consistent with the Army's actions?

General Fish. Yes, sir. Effective July 20, 1973, a housing allowance was prescribed for all duty stations in Germany. Existing allowances were adjusted, and new ones were initiated where none previously existed. Similarly, on July 26, 1973, a cost-of-living allowance was established for all duty stations in Germany. Prior to that date, this allowance was limited to certain members stationed at Sylt and Flensburg.

The amounts paid and the criteria for receipt of these allowances are contained in the joint travel regulations and apply to all uniformed services. As a result, the allowances are uniformly applied to members

of the Army and Air Force, as well as those members of the other uniformed services stationed in Germany.

INCREASE COST/RATIONS SINCE ORIGINAL FISCAL YEAR 1974

Chairman McClellan. What has been the increase in the cost of a ration since the fiscal year 1974 budget was originally prepared?

General Fish. Sir, at the time of the fiscal year 1974 budget submission, the daily ration costs of feeding enlisted personnel in Air Force dining halls was $1.68 in the United States and $1.76 in overseas areas. As of July, the actual per day costs of feeding had increased to $2.02 and $2.17, respectively. Latest experience indicates that feeding costs are continuing to increase, and it is expected that rates to be reported for September will approximate $2.27 in the United States and $2.48 at oversea locations.

INFLATION FACTOR/O. & M. ITEMS INCLUDING POL

Chairman McClellan. As a matter of interest, during preparation of your fiscal year 1975 budget, are you permitted to include an inflation factor for petroleum prices, and other operation and maintenance items, or must you base your estimate on the current price of 15 cents per gallon for jet fuels?

General Fish. No, sir, we are not permitted to include an inflation factor for petroleum prices and other operations and maintenance items. The estimate is based on current prices which in the case of jet fuel is 15 cents per gallon.

SURGE IN ENEMY ACTIVITY/IDENTIFY

Chairman McClellan. By the "surge in enemy activity" in Southeast Asia, are you speaking chiefly of costs associated with redeployment of those U.S. forces which carried out the increased bombing of North Vietnam just prior to the cease-fire?

General Fish. During the last half of fiscal year 1972, an increment of U.S. forces was deployed to Southeast Asia because of increased hostilities in that area. These forces are known as surge forces. Although some substitutions have been made in the initial surge force posture to meet operational requirements, it is those incremental forces which will be redeployed during fiscal year 1974. The cost of returning these forces is included in this amendment to the fiscal year 1974 budget estimate.

SEA LOW ALTITUDE DRONE RECONNAISSANCE PROGRAM/FY 1974

Chairman McClellan. What caused the revision of the Southeast Asia low-altitude drone reconnaissance program for fiscal year 1974?

General Fish. The fiscal year 1974 program was reduced based upon DOD guidance that SEA drone reconnaissance operation could revert to contingency status in fiscal year 1974. However, [deleted], the Joint Chiefs of Staff (JCS) determined that continued drone operations in SEA were required in fiscal year 1974 [deleted]. The Secretary of Defense concurred in the JCS evaluation and directed that Buffalo Hunter remain operational.

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T–41/MILITARY CHARACTERISTICS

Chairman McClellan. What are the military characteristics of the T–41 aircraft?

General Fish. The T–41D is an off-the-shelf, FAA certified, training and utility aircraft manufactured by Cessna Aircraft. I will provide the military characteristics for the record.

[The information follows:]

Operational/technical

Characteristics:	*Demonstrated* [1]
Max gross weight (pounds)	2,500
Speed, max (knots)	130
Ceiling, service (feet)	17,500
Range, ferry (nanometer)	469
Engine/type/horsepower	one/IO–360D/210
Length/wing span (feet)	26.0/35.8
Crew	2

[1] Based on FAA test results.

MM REDUCTION OF $45.8 MILLION EFFECT

Chairman McClellan. What effect will the reduction of $45.8 million have upon the operational readiness of our ICBM force? Are you taking a calculated risk by this action?

General Fish. The fiscal year 1974 reduction of $45.8 million will have no impact on the operational readiness of our ICBM force. The missile procurement reduction from 136 to 115 missiles still provides sufficient missiles to meet deployment schedules and production rate requirements to obtain the programed MM III force of 550 missiles on schedule. The 21 missiles deleted were outyear reliability and accuracy testing assets and will be included in the fiscal year 1975 procurement request.

MUNITIONS/IMPROVEMENTS OF READINESS POSTURE

Chairman McClellan. You say that additional munitions in the amount of $173.2 million have been added to improve the Air Force readiness posture. By this statement, do you mean that munition inventories which were expended in SE Asia are being replenished? If so, to what levels?

General Fish. The additional munitions were to replenish the munitions expended in SEA above the original program and to increase the WRM levels for SEA contingencies.

The Secretary of Defense guidance requires the Air Force to be prepared to fight for [deleted] days in NATO or fight [deleted] in the Pacific while simultaneously supporting Asian Allies. The WRM levels established to enable the Air Force to carry out this guidance is a [deleted] day storage for NATO and a [deleted] day supply for the Pacific.

In accordance with Secretary of Defense guidance, the NATO WRM levels must be achieved by the fiscal year [deleted] funded delivery period and the worldwide levels by the fiscal year [deleted] funded delivery period. This guidance also requires that we do this on a level or declining budget. This means either fund the same amount each year or less each succeeding year to avoid a large single later year requirement.

SCAD AND AWACS/EFFECT OF AUTHORIZATION ACTIONS

Chairman McClellan. In your R.D.T. & E. reductions of $50.2 million in the Subsonic Cruise Armed Decoy (SCAD) program and $42.0 million from the Airborne Warning and Control System (AWACS) you have used reductions in the fiscal year 1974 military procurement bill as it passed the House. The Senate has deleted the entire $72.2 million for the SCAD and has added an amendment on the AWACS which bars expenditure of funds until the Comptroller General reports to the Congress on the cost effectiveness of the system. Should the Senate positions prevail in conference, how will this affect these two items in your budget amendments?

General Fish. Regarding SCAD, the amended budget requirement of $22.0 million is essential for exploitation of relevant technology and establishment of an appropriate technology base for advanced capability cruise missiles. Continuation of this effort will secure maximum return from the $68 million already invested in SCAD development and maintain important strategic options for the United States.

With regard to AWACS, the $42.0 million R.D.T. & E. reduction represents forward financing resulting from tasks being rescheduled from fiscal year 1974 into subsequent years. Since the Senate amendment you refer to addresses production funded long lead items only, it has no impact on the amended budget request for R.D.T. & E. funds.

AIR FORCE BUDGET AMENDMENTS ITEMS/DEPENDENT ON CONGRESSIONAL OR PRESIDENTIAL APPROVAL

Chairman McClellan. Are there other items in the Air Force budget amendments which are predicated upon possible Congressional actions and Presidential approval?

General Fish. Yes, the $14 million in the amendment for the F5F is included in the Senate authorization bill, but was not in the House authorization bill. This $14 million has been reclamaed to the conferees for inclusion in the final authorization bill.

Chairman McClellan. Very well. Anything further?

Senator Hruska. I have no questions, Mr. Chairman.

Chairman McClellan. Very well, gentlemen, do you have anything else?

Senator Young. No.

JUSTIFICATIONS

Chairman McClellan. I believe that it would be wise to provide for the record pertinent material taken from the justifications of these budget amendments and will insert such at this point.

[The information follows:]

DEPARTMENT OF DEFENSE
FY 1974 BUDGET AUTHORITY
REVISED TO REFLECT FY 1974 BUDGET AMENDMENTS
(THOUSANDS OF DOLLARS)

Appropriation Title	January Justification Books	Less Jan. 1, 1973 Pay Raise	FY 1974 President's Budget Request	MASF Amend. Jun 15, 1973 Jun 25, 1973	Amendment Now Proposed	Net Amendments	FY 1974 Request as Amended
MILITARY PERSONNEL							
Military Personnel, Army	7,534,512	-359,512	7,175,000	-7,800	+44,200	+36,400	7,211,400
Military Personnel, Navy	5,564,000	-265,000	5,299,000	+13,900	+42,700	+56,600	5,355,600
Military Personnel, Marine Corps	1,622,236	-81,136	1,541,100	+9,800	+4,900	+14,700	1,555,800
Military Personnel, Air Force	7,263,600	-338,000	6,925,600	-	+6,900	+6,900	6,932,500
Reserve Personnel, Army	522,236	-25,736	496,500	-	-32,800	-32,800	463,700
Reserve Personnel, Navy	222,500	-10,400	212,100	-	-	-	212,100
Reserve Personnel, Marine Corps	70,872	-3,372	67,500	-	-	-	67,500
Reserve Personnel, Air Force	145,400	-6,100	139,300	-	-	-	139,300
National Guard Personnel, Army	643,382	-32,382	611,000	-	-23,900	-23,900	587,100
National Guard Personnel, Air Force	191,200	-9,700	181,500	-	-	-	181,500
TOTAL - MILITARY PERSONNEL	23,779,938	-1,131,338	22,648,600	+15,900	+42,000	+57,900	22,706,500
RETIRED MILITARY PERSONNEL							
Retired Pay, Defense	4,741,400	-35,500	4,705,900	-	-	-	4,705,900
OPERATION AND MAINTENANCE							
Operation and Maintenance, Army	6,430,690	-99,590	6,331,100	-4,500	+75,100	+70,600	6,401,700
Operation and Maintenance, Navy	5,976,779	-72,979	5,903,800	+50,900	+202,000	+252,900	6,156,700
Operation and Maintenance, Marine Corps	409,385	-4,685	404,700	+6,000	+6,300	+12,300	417,000
Operation and Maintenance, Air Force	6,589,200	-74,200	6,515,000	+43,000	+159,100	+202,100	6,717,100
Operation and Maintenance, Def Agys	1,531,192	-52,792	1,478,400	-	-	-	1,478,400
Operation and Maintenance, Army Reserve	264,122	-5,322	258,800	-	+1,600	+1,600	260,400
Operation and Maintenance, Navy Reserve	167,543	-1,043	166,500	-	+8,900	+8,900	175,400
Operation and Maintenance, MC Reserve	11,428	-28	11,400	-	-	-	11,400
Operation and Maintenance, AF Reserve	229,172	-3,572	225,600	-	+2,000	+2,000	227,600
Operation and Maint., Army Nat'l Guard	545,620	-9,020	536,600	-	+3,400	+3,400	540,000
Operation and Maint., Air Nat'l Guard	525,710	-7,310	518,400	-	+6,100	+6,100	524,500
Rifle Practice, Army	166	-7	159	-	-	-	159
Claims, Defense	49,100	-	49,100	-	-	-	49,100
Contingencies, Defense	5,000	-	5,000	-	-	-	5,000
Court of Military Appeals, Defense	897	-33	864	-	-	-	864
TOTAL - OPERATION AND MAINTENANCE	22,736,004	-330,581	22,405,423	+95,400	+464,500	+559,900	22,965,323

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PROCUREMENT							
Aircraft Procurement, Army	181,000	-	181,000	-	-	-	181,000
Missile Procurement, Army	599,900	-	599,900	-	-30,400	-30,400	569,500
Procurement of Weapons & Tracked Combat Vehicles, Army	253,000	-	253,000	-	-15,000	-15,000	238,000
Procurement of Ammunition, Army	1,250,200	-	1,250,200	-111,300	-	-111,300	1,138,900
Other Procurement, Army	582,800	-	582,800	-	-30,900	-30,900	551,900
Aircraft Procurement, Navy	2,958,300	-	2,958,300	-	-30,800	-30,800	2,927,500
Weapons Procurement, Navy	942,000	-	942,000	-	-8,600	-8,600	933,400
Shipbuilding & Conversion, Navy	3,901,800	-	3,901,800	-	-147,700	-147,700	3,754,100
Other Procurement, Navy	1,393,800	-	1,393,800	-	-	-	1,393,800
Procurement, Marine Corps	182,000	-	182,000	-	-2,000	-2,000	180,000
Aircraft Procurement, Air Force	2,912,800	-	2,912,800	-	-6,000	-6,000	2,906,800
Missile Procurement, Air Force	1,573,200	-	1,573,200	-	-53,600	-53,600	1,519,600
Other Procurement, Air Force	2,004,900	-	2,004,900	-	-	-	2,004,900
Procurement, Defense Agencies	70,700	-	70,700	-	-	-	70,700
TOTAL - PROCUREMENT	18,806,400	-	18,806,400	-111,300	-325,000	-436,300	18,370,100
RESEARCH, DEVELOPMENT, TEST AND EVALUATION							
RDT&E, Army	2,128,776	-20,076	2,108,700	-	-13,500	-13,500	2,095,200
RDT&E, Navy	2,731,241	-22,141	2,709,100	-	-	-	2,709,100
RDT&E, Air Force	3,228,705	-16,205	3,212,500	-	-20,500	-20,500	3,192,000
RDT&E, Defense Agencies	503,266	-2,866	500,400	-	-21,000	-21,000	479,400
Director of Test & Evaluation, Defense	24,600	-	24,600	-	-	-	24,600
TOTAL - RDT&E	8,616,588	-61,288	8,555,300	-	-55,000	-55,000	8,500,300
MILITARY CONSTRUCTION							
Military Construction, Army	664,900	-	664,900	-	+4,300	+4,300	669,200
Military Construction, Navy	685,400	-	685,400	-	-	-	685,400
Military Construction, Air Force	291,900	-	291,900	-	-	-	291,900
Military Construction, Defense Agys	19,100	-	19,100	-	-	-	19,100
Military Construction, Army Reserve	40,700	-	40,700	-	-	-	40,700

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MILITARY CONSTRUCTION (Cont'd)							
Military Construction, Naval Reserve	20,300	-	20,300	-	-	-	20,300
Military Construction, AF Reserve	10,000	-	10,000	-	-	-	10,000
Military Construction, Army Nat'l Guard	35,200	-	35,200	-	-	-	35,200
Military Construction, Air Nat'l Guard	20,000	-	20,000	-	-	-	20,000
TOTAL - MILITARY CONSTRUCTION	1,787,500	-	1,787,500	-	+4,300	+4,300	1,791,800
FAMILY HOUSING							
Family Housing, Defense	1,150,400	-	1,150,400	-	+31,100[a]	+31,100	1,181,500
Homeowners Assistance Fund, Defense	-	-	-	-	+7,000	+7,000	7,000[b]
TOTAL - FAMILY HOUSING	1,150,400	-	1,150,400	-	+38,100	+38,100	1,188,500
CIVIL DEFENSE							
Operation & Maintenance, Civil Defense	64,858	-758	64,100	-	-	-	64,100
Research, Shelter Survey & Marking, CD	24,717	-317	24,400	-	-	-	24,400
TOTAL - CIVIL DEFENSE	89,575	-1,075	88,500	-	-	-	88,500
SPECIAL FOREIGN CURRENCY	2,600	-	2,600	-	-	-	2,600
DEDUCTIONS FOR OFFSETTING RECEIPTS							
Offsetting Receipts, Army	-43,000	-	-43,000	-	-	-	-43,000
Offsetting Receipts, Navy	-32,530	-	-32,530	-	-	-	-32,530
Offsetting Receipts, Air Force	-19,570	-	-19,570	-	-	-	-19,570
Offsetting Receipts, Defense Agencies	-	-	-	-	-	-	-
TOTAL - OFFSETTING RECEIPTS	-95,100	-	-95,100	-	-	-	-95,100
TRUST FUNDS							
Trust Funds, Army	150	-	150	-	-	-	150
Trust Funds, Navy	6,488	-	6,488	-	-	-	6,488
Trust Funds, Air Force	5	-	5	-	-	-	5
TOTAL - TRUST FUNDS	6,643	-	6,643	-	-	-	6,643

a/ Family Housing, Defense, $31,100,000 - #(Amendment), #For Army Family Housing Operation and Maintenance
b/ Homeowners Assistance Fund, Defense, $7,000,000 - *(Request as Amended), *Plus $17,443,000 in new authorization to spend agency debt receipts

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TRUST FUNDS - DEDUCTIONS FOR OFFSETTING RECEIPTS							
Inter-governmental Trust Fund, Navy	-6,300	-	-6,300	-	-	-	-6,300
PROPOSED LEGISLATION/SEPARATE TRANSMITTAL	1,864,433	+1,560,567	3,425,000	-	-168,900	-168,900	3,256,100
TOTAL - MILITARY FUNCTIONS	83,480,081	+785	83,480,866	-0-	-0-	-0-	83,480,866
MILITARY ASSISTANCE							
Military Assistance, Executive	685,785	-785	685,000	-	-	-	685,000
Foreign Military Credit Sales, Executive	525,000	-	525,000	-	-	-	525,000
Deduction for Offsetting Receipts	-124,900	-	-124,900	-	-	-	-124,900
Total	1,085,885	-785	1,085,100	-	-	-	1,085,100
MAP Trust Funds:							
Advances, Foreign Military Sales	3,090,000	-	3,090,000	-	-	-	3,090,000
Deduction for Offsetting Receipts	-2,490,708	-	-2,490,708	-	-	-	-2,490,708
TOTAL - MILITARY ASSISTANCE	1,685,177		1,684,392	-	-	-	1,684,392
GRAND TOTAL	85,165,258	-	85,165,258	-0-	-0-	-0-	85,165,258

DEPARTMENT OF DEFENSE - MILITARY

MILITARY PERSONNEL, ARMY

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-05-2010-0-1-051	FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT MASF	OTHER	TOTAL	FY 1974 REVISED REQUEST
PROGRAM BY ACTIVITIES:					
DIRECT PROGRAM:					
1. STRATEGIC FORCES	55,882		+ 825	+ 825	56,707
2. GENERAL PURPOSE FORCES	3,837,512		+112,014	+112,014	3,949,526
3. INTELLIGENCE AND COMMUNICATIONS	341,473		+ 6,116	+ 6,116	347,589
4. AIRLIFT AND SEALIFT	6,805		+ 348	+ 348	7,153
5. GUARD AND RESERVE	50,540		+ 2,660	+ 2,660	53,200
6. RESEARCH AND DEVELOPMENT	80,645		+ 6	+ 6	80,651
7. CENTRAL SUPPLY AND MAINTENANCE	109,986		+ 6,040	+ 6,040	116,026
8. TRAINING, MEDICAL, AND OTHER GENERAL PERSONNEL ACTIVITIES	2,436,669		- 57,960	- 57,960	2,378,709
9. ADMINISTRATION AND ASSOCIATED ACTIVITIES	122,643		- 2,760	- 2,760	119,883
10. SUPPORT OF OTHER NATIONS	132,845	-7,800	- 23,089	- 30,889	101,956
TOTAL DIRECT PROGRAM	7,175,000	-7,800	+ 44,200	+ 36,400	7,211,400
REIMBURSABLE (TOTAL)	87,456				87,456
10 TOTAL OBLIGATIONS	7,262,456	-7,800	+ 44,200	+ 36,400	7,298,856
FINANCING:					
RECEIPTS AND REIMBURSEMENTS FROM:					
11 FEDERAL FUNDS	-40,016				
14 NON-FEDERAL SOURCES	-47,440				
22 UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS					
BUDGET AUTHORITY	7,175,000	-7,800	+ 44,200	+ 36,400	7,211,400
BUDGET AUTHORITY:					
40 APPROPRIATION	7,175,000	-7,800	+ 44,200	+ 36,400	7,211,400
41 TRANSFERRED TO OTHER ACCOUNTS					
43 APPROPRIATION (ADJUSTED)	7,175,000	-7,800	+ 44,200	+ 36,400	7,211,400
44.95 JAN 1973 PAY INCREASE SUPPLEMENTAL/AMENDMENT					

MILITARY PERSONNEL, ARMY

SUMMARY OF REQUIREMENTS BY BUDGET ACTIVITY
(In Thousands of Dollars)

	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
DIRECT PROGRAM:					
Pay and allowances of officers	1,777,535	-	29,334	29,334	1,806,869
Pay and allowances of enlisted	4,581,796	-	-60,427	-60,427	4,521,369
Pay and allowances of cadets	16,450	-	-820	-820	15,630
Subsistence of enlisted personnel	438,774	-7,800	35,905	28,105	466,879
Permanent change of station travel	346,040	-	35,488	35,488	381,528
Other military personnel costs	14,405	-	4,720	4,720	19,125
Total Direct Program	7,175,000	-7,800	44,200	36,400	7,211,400
REIMBURSABLE PROGRAM: (No change)					
Total Reimbursable Program	87,456	-	-	-	87,456
Total Obligations	7,262,456	-7,800	44,200	36,400	7,298,856

Military Personnel, Army

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Pay and Allowances of Officers	$1,874,482	$96,947	$1,777,535		$ 29,334	$ 29,334	$1,806,869

FY 1974 request revised for the following reasons:

a. Cease fire savings including a reduction of 2,700 manyears, hostile fire pay, responsibility pay and family separation allowance. $-44.9 M

b. Increases in average basic pay rates as we move toward the baseline force and promotion phase points increase. Examples of these increases are indicated below:

	Average Rate President's Budget	Revised Estimate	
O-5	18,790	19,074	
O-3	12,540	12,797	
O-2	8,794	9,830	
O-1	6,825	6,991	
W-1	7,012	8,095	+22.5 M

c. Increased numbers drawing Basic Allowance for Quarters. +11.6 M

d. Cost of readjustment pay and lump sum terminal leave payments for officers released from active duty due to reduction in force. +52.5 M

e. Increased station allowances overseas as a result of currency revaluation. +11.0 M

f. Other strength changes not related to cease fire which result in a decrease of 1,542 manyears. -23.4 M

TOTAL CHANGE $+29.3 M

Military Personnel, Army

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Pay and Allowances of Enlisted	$4,843,214	$261,418	$4,581,796		$-60,427	$-60,427	$4,521,369

FY 1974 request revised for the following reasons:

a. Cease fire savings including a reduction of 9,200 manyears, hostile fire pay and family separation allowance. $-72.3 M

b. Increased clothing price and rate changes effective 1 July 1973. +15.6 M

c. 28,200 additional gains and 15,400 additional losses as a result of revised manpower projections. +12.6 M

d. Increased station allowances resulting from currency revaluation. +29.6 M

e. Increased numbers drawing Basic Allowance for Quarters. +21.4 M

f. Other strength changes not related to cease fire which result in a decrease of 5,836 additional manyears. -36.7 M

g. Revised enlisted grade structure. -30.1 M

h. Hostile Fire payments for duty along the Korean DMZ end 1 September 1973. - .5 M

TOTAL CHANGE $-60.4 M

Pay and Allowances of Cadets	$17,372	$922	$16,450	$-820	$-820	$15,630

Revised FY 1974 request results from a decrease of 238 cadet manyears.

Military Personnel, Army

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Subsistence of Enlisted Personnel	$438,774	-	$438,774	$-7,800	$ 35,905	$ 28,105	$466,879

FY 1974 request revised for the following reasons:

a.	Cease fire savings.	$- 6.4 M
b.	Increased rate for subsistence in kind. FY 1974 request used rates of $1.68 in CONUS and $1.70 Overseas. Revised rate is $2.15.	+36.0 M
c.	BAS subsidization (difference between actual feeding costs and BAS rate).	+ 8.1 M
d.	Other strength changes.	- 3.1 M
e.	Absentee rate increase.	- 3.2 M
f.	Increased subsistence costs as a result of currency revaluation.	+ 4.5 M
g.	MASF Amendment which reduced requirement for Laotian subsistence.	- 7.8 M
	TOTAL CHANGE	$+28.1 M

Military Personnel, Army

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Permanent Change of Station Travel	$346,040	-	$346,040		$ 35,488	$ 35,488	$381,528

FY 1974 request revised for the following reasons:

a.	Cease fire savings resulting from decrease in the number of moves to and from Vietnam.	$-14.6 M
b.	Change in Korean tour length from 13 to 12 months.	+ 2.8 M
c.	6% ICC Household Goods Tariff increase effective 1 May 1973.	+ 8.7 M
d.	12.8% MAC Passenger Tariff increase effective 1 July 1973.	+ 6.4 M
e.	34.1% MAC Cargo Tariff increase effective 1 July 1973.	+ 4.9 M
f.	Effective date for Travel Entitlements for E-4 changed to 1 January 1974.	- 7.5 M
g.	Increased moves resulting from revised average enlisted tour lengths for Europe and Hawaii.	+14.0 M
h.	Manpower Program changes which result in increased accession and separation moves.	+ 3.5 M
i.	Increases in the average land rate for PCS travel. These rates are affected by such factors as increased number of dependents moving, higher percentage of married personnel on Permanent Change of Station, increases in the average distance that members and dependents travel and household goods are shipped and an increase in the number of personnel who elect to relocate their dependents and household goods on a Permanent Change of Station move. Average land rates are determined from data extracted from actual disbursement documents.	+17.3 M
	TOTAL CHANGE	$+35.5 M

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Other Military Personnel Costs	$14,630	$225	$14,405		$ 4,720	$ 4,720	$19,125

No payment to the Veterans Administration for the extra hazard premium for Servicemen's Group Life Insurance was envisioned at the time the original FY 1974 Request was submitted. Subsequently, VA informed DOD that billings for the extra hazard cost would continue at the rate of 12% per month for July and August, and 20% per month for the remainder of the fiscal year.

DEPARTMENT OF DEFENSE - MILITARY

RESERVE PERSONNEL, ARMY

15 JAN 73

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-05-2070-0-1-051

		FY 1974 Request Pending	FY 1974 PROPOSED AMENDMENT MASF	OTHER	TOTAL	FY 1974 Revised Request
	PROGRAM BY ACTIVITIES:					
	DIRECT PROGRAM:					
	1. RESERVE COMPONENT PERSONNEL	458,538		-31,500	-31,500	427,038
	2. RESERVE OFFICER CANDIDATES	37,962		- 1,300	-1,300	36,662
	TOTAL DIRECT PROGRAM	496,500		-32,800	-32,800	463,700
	REIMBURSABLE (TOTAL)	1,980		-	-	1,980
10	TOTAL OBLIGATIONS	498,480		-32,800	-32,800	465,680
	FINANCING:					
	RECEIPTS AND REIMBURSEMENTS FROM:					
11	FEDERAL FUNDS	-1,160		-	-	-1,160
14	NON-FEDERAL SOURCES	-820		-	-	-820
21	UNOBLIGATED BALANCE AVAILABLE, START OF YEAR	-600		-	-	-600
22	UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS	-		-	-	-
24	UNOBLIGATED BALANCE AVAILABLE, END OF YEAR	600		-	-	600
25	UNOBLIGATED BALANCE LAPSING	-		-	-	-
	BUDGET AUTHORITY	496,500		-32,800	-32,800	463,700
	BUDGET AUTHORITY:					
40	APPROPRIATION	496,500		-32,800	-32,800	463,700
44.95	JAN 1973 PAY INCREASE SUPPLEMENTAL/AMENDMENT	-		-	-	-

RESERVE PERSONNEL, ARMY

Budget Program 1
Reserve Component Personnel

SUMMARY OF REQUIREMENTS BY BUDGET ACTIVITY
(In Thousands of Dollars)

Budget Activity	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Direct Program					
Training, Pay Group A	278,328		24,500	24,500	302,828
Training, Pay Group D	22,469		200	200	22,669
Training, Pay Group F	85,888		-56,200	-56,200	29,688
School Training	39,418		-		39,418
Special Training	30,510		-		30,510
Administration and Support	1,925		-		1,925
Total Direct Program	458,538		-31,500	-31,500	427,038
Reimbursable Program					
Training, Pay Group A	1,880				1,880
Total Reimbursable Program	1,880				1,880
Total Obligations	460,418		-31,500	-31,500	428,918

RESERVE PERSONNEL, ARMY
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
3200 Reserve Personnel	$483,871	$ 25,333	$458,538		$-31,500	$-31,500	$427,038

The FY 1974 revised request includes increases of $1,4M in subsistence costs, $2.3M in increased clothing costs for enlisted members, and $22.8M in pay and allowances for increased pay Group A (Selected Reserve) strength. Increases are offset by a decrease of -$58.0M in Pay Group F (REP-63) due to fewer REP enlistments, REP input, and REP man years than orginally programmed.

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RESERVE PERSONNEL, ARMY

Budget Program 2
Reserve Officer Candidates

SUMMARY OF REQUIREMENTS BY BUDGET ACTIVITY
(In Thousands of Dollars)

Budget Activity	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Direct Program					
Senior ROTC	16,882		-1,000	-1,000	15,882
Scholarship Program	8,061		-300	-300	7,761
Junior ROTC	1,255				1,255
Health Professions Scholarship	11,764				11,764
Total Direct Obligations	37,962		-1,300	-1,300	36,662
Reimbursable Program					
Senior ROTC	100				100
Total Reimbursable Program	100				100
Total Obligations	38,062		-1,300	-1,300	36,762

RESERVE PERSONNEL, ARMY
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
3300 ROTC	$38,365	$ 403	$37,962		$-1,300	$-1,300	$36,662

The FY 1974 revised request includes -$1.3M due to decreased ROTC subsistance pay requirements.

DEPARTMENT OF DEFENSE - MILITARY

NATIONAL GUARD PERSONNEL, ARMY

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-05-2060-0-1-051	FY 1974 Request Pending	FY 1974 Proposed Amendment BASE	FY 1974 Proposed Amendment OTHER	FY 1974 Proposed Amendment TOTAL	FY 1976 Revised Request
PROGRAM BY ACTIVITIES:					
DIRECT PROGRAM:					
1. RESERVE COMPONENT PERSONNEL	611,000		-23,900	- 23,900	587,100
REIMBURSABLE (TOTAL)	2,500		-	-	2,500
10 TOTAL OBLIGATIONS	613,500		-23,900	- 23,900	589,600
FINANCING:					
RECEIPTS AND REIMBURSEMENTS FROM:					
11 FEDERAL FUNDS	- 1,600		-	-	- 1,600
14 NON-FEDERAL SOURCES	- 900		-	-	- 900
25 UNOBLIGATED BALANCE LAPSING	.....		.....	.....	.....
40 BUDGET AUTHORITY (APPROPRIATION)	611,000		-23,900	- 23,900	587,100
BUDGET AUTHORITY:					
40 APPROPRIATION	611,000		-23,900	- 23,900	587,100
44.95 JAN 1973 PAY INCREASE SUPPLEMENTAL/AMENDMENT	.....			.....	.....

NATIONAL GUARD PERSONNEL, ARMY

Reserve Component Personnel

SUMMARY OF REQUIREMENTS BY BUDGET ACTIVITY
(In Thousands of Dollars)

Budget Activity	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Direct Program					
Training, Pay Group A	422,211		27,500	27,500	449,711
Training, Pay Group F	134,027		-56,500	-56,500	77,527
School Training	35,133		100	100	35,233
Special Training	15,516		4,100	4,100	19,616
Administration and Support	4,113		900	900	5,013
Total Direct Obligations	611,000		-23,900	-23,900	587,100
Reimbursable Program					
Training Pay Group A	2,500				2,500
Total Reimbursable Program	2,500				2,500
Total Obligations	613,500		-23,900	-23,900	589,600

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
3110 - Training Pay Group A	$446,202	$23,991	$422,211	-0-	$27,500	$27,500	$449,711

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The FY 1974 revised request is increased $27.5 million. This change is generated by an increase in the enlisted pay rate, offset by a decrease in the officers rate. Subsistence and clothing rates also increased.

NATIONAL GUARD PERSONNEL, ARMY
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
3120 - Training, REP, Pay Group F	$140,326	$6,299	$134,027	-0-	-$56,500	-$56,500	$77,527

The FY 1974 revised request is decreased $56.5 million as a result of a lower number REPs in training at end of FY 1973 (11,581 as opposed to 28,146 in the President's budget) and a revised monthly phasing of the input into training. There is a reduction of approximately 112,000 man months in this budget activity.

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
3130 - School Training	$36,344	$1,211	$35,133	-0-	$100	$100	$35,233

The FY 1974 revised request is increased $.1 million due to an increase in the subsistence rate.

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
3140 - Special Training	$16,142	$626	$15,516	-0-	$4,100	$4,100	$19,616

The FY 1974 revised request is increased by $4.1 million due to transfer of man days from pay group A (3110) for DOD Test Realignment and payment of Army National Guard officers to support Army Readiness Regions. It also provides man days to finance directed JUMPS(RC) Pay System and support 60 Army National Guard recruiter at Recruiting Main Stations.

NATIONAL GUARD PERSONNEL, ARMY
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
3150 - Administration and Support	$4,368	$255	$4,113	-0-	$900	$900	$5,013

The FY 1974 revised request is increased by $.9 million to support an increase in disability and hospitalization benefits for (8) additional officers and (40) enlisted men.

DEPARTMENT OF DEFENSE - MILITARY

MILITARY PERSONNEL, NAVY

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-05-1453-0-1-051

		FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT MASF	OTHER	TOTAL	FY 1974 REVISED REQUEST
	PROGRAM BY ACTIVITIES:					
	DIRECT PROGRAM:					
	1. STRATEGIC FORCES	$ 161,895	$ 440	$ 479	$ 919	$ 162,814
	2. GENERAL PURPOSE FORCES	2,601,820	7,008	7,640	14,648	2,616,468
	3. INTELLIGENCE AND COMMUNICATIONS	245,098	585	630	1,215	246,313
	4. AIRLIFT AND SEALIFT	4,807	5	6	11	4,818
	5. GUARD AND RESERVE	157,148	433	473	906	158,054
	6. RESEARCH AND DEVELOPMENT	71,143	136	141	277	71,420
	7. CENTRAL SUPPLY AND MAINTENANCE	108,727	149	142	291	109,018
	8. TRAINING, MEDICAL, AND OTHER GENERAL PERSONNEL ACTIVITIES	1,830,849	4,999	33,060	38,059	1,868,908
	9. ADMINISTRATION AND ASSOCIATED ACTIVITIES	83,247	118	103	221	83,468
	10. SUPPORT OF OTHER NATIONS	34,266	27	26	53	34,319
	TOTAL DIRECT PROGRAM	$5,299,000	$13,900	$42,700	$56,600	$5,355,600
	REIMBURSABLE (TOTAL)	40,569	-	-	-	40,569
10	TOTAL OBLIGATIONS	$5,339,569	$13,900	$42,700	$56,600	$5,396,169
	FINANCING:					
	RECEIPTS AND REIMBURSEMENTS FROM:					
11	FEDERAL FUNDS	-26,620				-26,620
13	TRUST FUNDS	-122				-122
14	NON-FEDERAL SOURCES	-13,827				-13,827
22	UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS					
30	DEFICIENCY					
	BUDGET AUTHORITY					
	BUDGET AUTHORITY:					
40	APPROPRIATION	$5,299,000	$13,900	$42,700	$56,600	$5,355,600
41	TRANSFERRED TO OTHER ACCOUNTS					
43	APPROPRIATION (ADJUSTED)	$5,299,000	$13,900	$42,700	$56,600	$5,355,600

MILITARY PERSONNEL, NAVY

SUMMARY OF REQUIREMENTS BY BUDGET ACTIVITY

(In Thousands of Dollars)

Identification Code 07-05-1453-0-1-051

	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Direct Program:					
1. Pay and Allowances of Officers	$1,203,793	$ 133	$ -1,233	$ -1,100	$1,202,693
2. Pay and Allowances of Enlisted	3,475,107	6,918	-19,418	-12,500	3,462,607
3. Pay and Allowances of Midshipmen	17,058	-	+200	+200	17,258
4. Subsistence of Enlisted Personnel	269,614	5,224	29,876	35,100	304,714
5. Permanent Change of Station Travel	326,253	1,625	29,275	30,900	357,153
6. Other Military Personnel Costs	7,175		4,000	+4,000	11,175
TOTAL DIRECT PROGRAM	$5,299,000	$ 13,900	$ 42,700	$ 56,600	$5,355,600
Reimbursable Program:					
1. Pay and Allowances of Officers	$ 4,257	-	-	-	$ 4,257
2. Pay and Allowances of Enlisted	7,330	-	-	-	7,330
4. Subsistence of Enlisted Personnel	23,482	-	-	-	23,482
5. Permanent Change of Station Travel	5,500	-	-	-	5,500
TOTAL REIMBURSABLE PROGRAM	$ 40,569	-	-	-	$ 40,569
10. Total Obligations	$5,339,569	$ 13,900	$ 42,700	$ 56,600	$5,396,169

MILITARY PERSONNEL, NAVY

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amend. MASF	Other	Total	FY 1974 Revised Request
1. Pay and Allowances of Officers	$1,270,036	$66,243	$1,203,793	$ 133	$-1,233	$-1,100	$1,202,693

Current estimate of requirements for this activity totals $1,202,693,000, a decrease of $1,100,000 from the Basic Request. This adjustment is comprised of an additional requirement of $133,000 due to currency devaluation for payment of station allowances, overseas - offset by savings totaling $1,233,000 due to shortfall in officer strength at the start of the fiscal year.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amend. MASF	Other	Total	FY 1974 Revised Request
2. Pay and Allowances of Enlisted Personnel	$3,672,818	$197,711	$3,475,107	$ 6,918	$-19,418	$-12,500	$3,462,607

Current estimate of requirements for this activity totals $3,462,607,000, a decrease of $12,500,000 from the Basic Request. This adjustment is comprised of an additional requirement of $6,918,000 of which $266,000 is required for currency devaluation for payment of station allowances, overseas, $6,652,000 is required for revised cost of recruit clothing bag and revised clothing maintenance allowances-offset by savings totaling $19,418,000 due to shortfall in enlisted strength at the start of the fiscal year.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amend. MASF	Other	Total	FY 1974 Revised Request
3. Pay and Allowances of Midshipmen	$18,012	$954	$17,058	-	$ 200	$ 200	$17,258

Current estimate of requirements for this activity totals $17,258,000, an increase of $200,000 over the Basic Request. This increase is based on the change of the commuted ration rate from $1.78, as shown in the Basic Request, to $1.92, effective 1 July 1973.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amend. MASF	Other	Total	FY 1974 Revised Request
4. Subsistence of Enlisted Personnel	$269,614	-	$269,614	$ 5,224	$ 29,876	$ 35,100	$304,714

Current estimate of requirements for this activity totals $304,714,000, an increase of $35,100,000 over the Basic Request. This increase is comprised of $150,000 due to currency devaluation for items purchased on the foreign market, $37,235,000 based on revised food cost data-offset by savings totaling $2,285,000 due to shortfall in enlisted strength at the start of the fiscal year.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amend. MASF	Other	Total	FY 1974 Revised Request
5. Permanent Change of Station Travel	$326,253	-	$326,253	$ 1,625	$ 29,275	$ 30,900	$357,153

Current estimate of requirements for this activity totals $357,153,000, an increase of $30,900,000 over the Basic Request. This increase is due to additional requirements comprised of $1,625,000 for currency devaluation to cover costs for purchase of foreign services in connection with packing, crating and transportation of household goods at foreign stations, $19,806,000 to fund unprogrammed moves for the Shore Establishment Realignment, and $15,645,000 for increases in tariff rates charged by MAC, MSC and MTMTS, offset by savings of $6,176,000 due to delay from 1 July 1973 to 1 January 1974 for extension of travel entitlements to junior enlisted members.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amend. MASF	Other	Total	FY 1974 Revised Request
6. Other Military Personnel Costs	$7,267	$92	$7,175	-	$ 4,000	$ 4,000	$11,175

Current estimate of requirements for this activity totals $11,175,000, an increase of $4,000,000. This increase is comprised of $3,300,000 due to change in base of SGLI premium payments from 12% to 20% and an increase of $700,000 for experienced increased interest earned on uniformed services savings deposits.

DEPARTMENT OF DEFENSE - MILITARY

MILITARY PERSONNEL, MARINE CORPS

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-05-1105-0-1-051

		FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT MASF	OTHER	TOTAL	FY 1974 REVISED REQUEST
	PROGRAM BY ACTIVITIES:					
	DIRECT PROGRAM:					
	2. GENERAL PURPOSE FORCES	923,786	6,375	-4,367	2,008	925,794
	3. INTELLIGENCE AND COMMUNICATIONS	17,128	112	22	134	17,262
	5. GUARD AND RESERVE	35,892	241	43	284	36,176
	6. RESEARCH AND DEVELOPMENT	503	2	2	4	507
	7. CENTRAL SUPPLY AND MAINTENANCE	17,335	107	27	134	17,469
	8. TRAINING, MEDICAL, AND OTHER GENERAL PERSONNEL ACTIVITIES	493,199	2,727	9,038	11,765	504,964
	9. ADMINISTRATION AND ASSOCIATED ACTIVITIES	50,826	232	124	356	51,182
	10. SUPPORT OF OTHER NATIONS	2,431	4	11	15	2,446
	TOTAL DIRECT PROGRAM	1,541,100	9,800	4,900	14,700	1,555,800
	REIMBURSABLE (TOTAL)	6,131				6,131
10	TOTAL OBLIGATIONS	1,547,231	9,800	4,900	14,700	1,561,931
	FINANCING:					
	RECEIPTS AND REIMBURSEMENTS FROM:					
11	FEDERAL FUNDS	- 3,921	-	-	-	- 3,921
14	NON-FEDERAL SOURCES	- 2,210	-	-	-	- 2,210
22	UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS					
25	UNOBLIGATED BALANCE LAPSING					
	BUDGET AUTHORITY	1,541,100	9,800	4,900	14,700	1,555,800
	BUDGET AUTHORITY:					
40	APPROPRIATION	1,541,100	9,800	4,900	14,700	1,555,800
41	TRANSFERRED TO OTHER ACCOUNTS					
43	APPROPRIATION (ADJUSTED)	1,541,100	9,800	4,900	14,700	1,555,800

MILITARY PERSONNEL, MARINE CORPS

SUMMARY OF REQUIREMENTS BY BUDGET ACTIVITY

(In Thousands of Dollars)

Identification Code: 07-05-1105-0-1-051	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Direct Program:							
1. Pay and allowance of officers.....	$ 315,420	$ 15,827	$ 299,593	$ -0-	$ 355	$ 355	$ 299,948
2. Pay and allowance of enlisted.....	1,151,754	65,256	1,086,498	6,139	- 9,600	- 3,461	1,083,037
4. Subsistence of enlisted personnel....	81,462	-0-	81,462	3,661	4,359	8,020	89,482
5. Permanent change of station travel...	71,201	-0-	71,201	-0-	8,463	8,463	79,664
6. Other military personnel costs.....	2,399	53	2,346	-0-	1,323	1,323	3,669
Total direct program.....	1,622,236	81,136	1,541,100	9,800	4,900	14,700	1,555,800
Reimbursable Program:							
1. Pay and allowance of officers.....	531		531				531
2. Pay and allowance of enlisted.....	100		100				100
4. Subsistence of enlisted personnel....	5,000		5,000				5,000
5. Permanent change of station travel...	500		500				500
Total reimbursable program.....	6,131	-0-	6,131	-0-	-0-	-0-	6,131
10. Total obligations.....	$1,628,367	$ 81,136	$1,547,231	$ 9,800	$ 4,900	$ 14,700	$1,561,931

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
1 - Pay and Allowances of Officers	$315,420	$ 15,827	$299,593	$-0-	$ 355	$ 355	$299,948

The overall officer manpower program was reduced by 54 manyears, however, increased costs in Basic Allowances for Quarters, due to the increased marriage factor and increased separation payments based on the increase in days of leave accrued on separation more than absorbed the savings.

MILITARY PERSONNEL, MARINE CORPS

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
2 - Pay and Allowances of Enlisted	$1,151,754	$ 65,256	$1,086,498	$ 6,139	$-9,600	$-3,461	$1,083,037

Funds under MASF were only allowed for clothing, subsistence, and dollar devaluation items. In this activity the entire MASF portion is for the increased cost due to price increase in clothing and maintenance allowances. The total amendment; however, is a reduction from the Congressional Budget submit and savings thus generated have been applied to the increased costs of food and transportation tariffs.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
4 - Subsistence of Enlisted Personnel	$81,462	$-0-	$81,462	$ 3,661	$ 4,359	$ 8,020	$89,482

Fund requirements identified under both "MASF" and "other" in this amendment are based on the termination of surplus butter as a free commodity and the increased cost of food above that requested in the Congressional Budget submission.

MILITARY PERSONNEL, MARINE CORPS

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	FY 1974 Proposed Amendment Other	FY 1974 Proposed Amendment Total	FY 1974 Revised Request
5 - Permanent Change of Station Travel	$71,201	$-0-	$71,201	$-0-	$ 8,463	$ 8,463	$79,664

This amendment is based on the trend which was recognized by Congress in the reprogramming action of $6.0 million for increased weight and number of shipments of household goods in FY 1973 and unfunded amounts resulting from tariff increases of 44% in Port Handling, 21.4% in MSC Cargo, 34.1% in MAC Cargo, 4.3% in MAC passenger and 6% to 9% in line haul tariffs on household goods. As part of the All Volunteer Program additional PCS entitlements were programmed for E-4's with between 2 and 4 years of service. Due to continuing resolution constraints, it is estimated that the program will be implemented on 1 January 1974 vice 1 July 1973. Therefore, one half of the budgeted funding has been used to offset the total additional requirement.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	FY 1974 Proposed Amendment Other	FY 1974 Proposed Amendment Total	FY 1974 Revised Request
6 - Other Military Personnel Costs	$2,399	$ 53	$2,346	$-0-	$ 1,323	$ 1,323	$3,669

This amendment includes the reinstatement of the government contribution to the Veterans Administration for SGLI in FY 1974. The contributions will be at 12% for July and August and 20% for the remainder of the year. In addition, unfunded requirements for estimated growth in the interest on uniform services savings deposits based on FY 1973 actual experience has been added.

DEPARTMENT OF DEFENSE - MILITARY
MILITARY PERSONNEL, AIR FORCE

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Identification Code 07-05-3500-0-1-051	Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	Revised Request
Program by Activities:					
Direct Program:					
1. Strategic Forces	$1,536,790	-	$ 4,632	$ 4,632	$1,541,422
2. General Purpose Forces	1,640,597	-	4,940	4,940	1,645,537
3. Intelligence and Communications	770,176	-	2,316	2,316	772,492
4. Airlift and Sealift	393,207	-	1,183	1,183	394,390
5. Guard and Reserve	27,538	-	83	83	27,621
6. Research and Development	208,440	-	627	627	209,067
7. Central Supply and Maintenance	115,448	-	347	347	115,795
8. Training, Medical, and Other General Personnel Activities	1,972,328	-	-8,013	-8,013	1,964,315
9. Administration and Associated Activities	200,899	-	604	604	201,503
10. Support of Other Nations	60,177	-	181	181	60,358
Total Direct Program	$6,925,600	-	$ 6,900	$ 6,900	$6,932,500
Reimbursable (Total)	48,000	-	-	-	48,000
10 Total Obligations	$6,973,600	-	$ 6,900	$ 6,900	$6,980,500
Financing:					
Receipts and Reimbursements from:					
11 Federal Funds	- 16,667	-	-	-	- 16,667
13 Trust Funds	- 9,228	-	-	-	- 9,228
14 Non-Federal Sources	- 22,105	-	-	-	- 22,105
22 Unobligated Balance Transferred from Other Accounts	-	-	-	-	-
25 Unobligated Balance Lapsing	-	-	-	-	-
Budget Authority	$6,925,600	-	$ 6,900	$ 6,900	$6,932,500
Budget Authority:					
40 Appropriation	$6,925,600	-	$6,900	$6,900	$6,932,500
41 Transferred to Other Accounts	-	-	-	-	-
43 Appropriation (Adjusted)	6,925,600	-	6,900	6,900	6,932,500
44.95 Jan 1973 Pay Increase Supplemental/Amendment	-	-	-	-	-

MILITARY PERSONNEL, AIR FORCE

SUMMARY OF REQUIREMENTS BY BUDGET ACTIVITY

(In Thousands of Dollars)

	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
DIRECT PROGRAM					
Pay and Allowances of Officers	$2,007,357	-	-$12,971	$-12,971	$1,994,386
Pay and Allowances of Enlisted	4,062,356	-	13,135	13,135	4,075,491
Pay and Allowances of Cadets	16,824	-	-	-	16,824
Subsistence of Enlisted Personnel	307,043	-	14,653	14,653	321,696
Permanent Change of Station Travel	515,720	-	-12,450	-12,450	503,270
Other Military Personnel Costs	16,300	-	4,533	4,533	20,833
Total Direct Program	$6,925,600	-	$ 6,900	$ 6,900	$6,932,500
REIMBURSABLE PROGRAM					
Pay and Allowances of Officers	$ 9,068	-	-	-	$ 9,068
Pay and Allowances of Enlisted	13,832	-	-	-	13,832
Subsistence of Enlisted Personnel	24,900	-	-	-	24,900
Permanent Change of Station Travel	200	-	-	-	200
Total Reimbursable Program	$ 48,000	-	-	-	$ 48,000
Total Obligations	$6,973,600	-	$ 6,900	$ 6,900	$6,980,500

MILITARY PERSONNEL, AIR FORCE

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Pay and Allowances of Officers	$ 2,110,760	$ 103,403	$2,007,357		-$12,971	-$12,971	$1,994,386

The proposed amendment includes the following changes:

Station Allowances, Overseas 3,998

Overseas housing and cost-of-living allowances are authorized under Title 37, U.S.C., Section 405 and are set by the Per Diem, Travel and Transportation Allowance Committee of the Department of Defense. The Committee establishes the rates based on periodic surveys of actual living costs in the overseas areas. Currency revaluation action overseas, especially in Western Europe and Japan, has caused increased dollar costs for Air Force personnel in these areas. Adjustments, on a country by country basis, through the month of July 1973 have been necessary to bring the rates into line with actual costs. The principal reason for increased costs is the revaluation of the dollar in relation to foreign currencies. The adjustments are composed of $2.4 million in increased cost of living allowances world-wide and $1.6 million in increased housing allowances. Within this estimate, the increase for Air Force personnel located in the Federal Republic of Germany is $2.3 million.

Missing-in-Action & Prisoners of War -9,881

The prisoner-of-war and persons missing-in-action (MIA) situation has changed since submission of the budget. The number of manyears for prisoners and MIA personnel has been reduced by 492 manyears. This reduction results from the return of prisoners and the determination that some MIA personnel have been killed-in-action (KIA). Pay and allowances of KIA personnel cease. The net reduction is $9,881 million. ($10.3 million less for pay and allowance offset by $.4 million for accrued leave paid to next of kin when KIA determination is made).

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(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Pay and Allowances of Officers (cont'd)							
Special Pay of Officers					-3,120		
The reduced level of activity in Southeast Asia subsequent to 15 August 1973 reduced the requirement for the payment of hostile fire duty pay for FY 1974. This decreased requirement of 4,000 manyears below the budget estimate adjusts that estimate downward by $3.1 million.							
Strength Reduction - Graduate Education					-1,727		
In accordance with the House Armed Services Committee authorization action, (Report 93-383 dated 18 July 1973), the Air Force graduate education program was reduced by 196 spaces with a resulting reduction of 100 manyears.							
Beginning Strength Shortfall					-2,241		
The Air Force officer end strength for FY 1973 was 269 below the authorized end year position, primarily physicians and dentists. Although the need for these personnel is critical, the shortfall can not be made up until later in FY 1974. The unavoidable delay in recruiting physicians and dentists will reduce the program by 148 manyears and $2.2 million.							

MILITARY PERSONNEL, AIR FORCE

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Pay and Allowances of Enlisted	$ 4,296,009	$233,653	$4,062,356		+$13,135	+$13,135	$4,075,491

The proposed amendment includes the following changes:

Clothing Allowances 11,129

Increasing costs of leathers, fibers, and manufacturing have caused a sharp rise in the cost of clothing provided to airmen personnel entering the service. Similar inflationary effects are applicable to the maintenance of clothing and increase the allowances paid airmen personnel for this purpose. The initial clothing costs increases $3.5 million on 83,718 accessions. Maintenance allowances increase 20% adding $7.6 million to the budget estimate.

Station Allowances, Overseas 14,852

Overseas housing and cost-of-living allowances are authorized under Title 37, U.S.C., Section 405 and are set by the Per Diem, Travel and Transportation Allowance Committee of the Department of Defense. The Committee establishes the rates based on periodic surveys of actual living costs in the overseas areas. Currency revaluation action overseas, especially in Western Europe and Japan, has caused increased dollar costs for Air Force personnel in these areas. Adjustments, on a country by country basis, through the month of July 1973 have been necessary to bring the rates into line with actual costs. The principal reason for increased costs is the revaluation of the dollar in relation to foreign currencies. The adjustments are composed of $8.7 million in increased cost of living allowances world-wide and $7.2 million in increased housing allowances. Within this estimate, the increase for Air Force personnel located in the Federal Republic of Germany is $10.1 million.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Pay and Allowances of Enlisted (cont'd)							
Missing-in-Action & Prisoners of War					- 363		
The prisoner-of-war and persons missing-in-action (MIA) situation has changed since submission of the budget. The number of manyears for prisoners and MIA personnel has been reduced by 28 manyears. This reduction results from the return of prisoners and the determination that some MIA personnel have been killed-in-action (KIA). Pay and allowances of KIA personnel cease. The net reduction is $.363 million. ($.4 million less for pay and allowances offset by accrued leave paid to next of kin when KIA determination is made).							
Special Pay of Enlisted Personnel					-8,268		
The reduced level of activity in Southeast Asia subsequent to 15 August 1973 sharply reduced the requirement for the payment of hostile fire duty pay for FY 1974. This decreased requirement of 10,600 manyears below the budget estimate adjusts that estimate downward by $8.3 million.							
Strength Reduction - Enlisted Aides					- 721		
In accordance with the House Armed Services Committee Authorization action, (Report 93-383 dated 18 July 1973), the Air Force enlisted aides were reduced by 198 spaces with a resulting reduction of 100 manyears.							
Beginning Strength Shortfall					-3,494		
The Air Force airman end strength for FY 1973 was 1,005 below that authorized. This shortfall can not be made up until later in FY 1974 resulting in 552 fewer manyears and a reduced cost of $3.5 million.							

MILITARY PERSONNEL, AIR FORCE

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Subsistence of Enlisted Personnel	$ 307,043		$307,043		$14,653	$14,653	$321,696

The proposed amendment includes the following changes:

Subsistence-in-Kind 14,653

The budget estimate was based on a cost of feeding in Air Force dining halls of $1.68 per day per person in the CONUS and $1.76 overseas. Rising food costs have increased the cost to $2.20 and $2.32 respectively. The application of these rate increases to the 63,134 manyears of enlisted personnel subsisting in dining halls results in an increase of $14.7 million.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Permanent Change of Station Travel	$ 515,720		$ 515,720		-$12,450	-$12,450	$503,270

The proposed amendment includes the following changes:

Entitlements - 12,450

The budget estimate anticipated that full travel entitlements for E-4s with over 2 years service under Project Volunteer would be implemented on 1 July 1973 at a cost of $24.9 million for FY 1974. It now appears that implementation of this policy will be delayed until 1 January 1974, a reduction of $12.5 million can be made in the budget estimate.

MILITARY PERSONNEL, AIR FORCE

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Other Military Personnel Costs	$ 16,300		$ 16,300		$4,533	$4,533	$20,833

The following changes have occurred in this budget activity:

Servicemen Group Life Insurance (SGLI) 3,899

At the time of the submission of the budget estimate, the Veterans Administration indicated that no contributions for SGLI would be required in FY 1974. Subsequently, reassessment of requirements in the insurance program caused the Veterans Administration to revise their guidance to provide for a contribution of $5.72 for each of 681,866 active duty manyears in FY 1974.

Missing-in-Action & Prisoners of War 648

Death gratuities in excess of those anticipated at the time of the budget estimate submission will be required in FY 1974 as determinations are made with respect to persons missing-in-action. Revised estimates indicate an additional 216 such gratuities (192 officers, and 24 enlisted men) will be required at $3,000 per payment.

Beginning Strength Shortfall - 14

The estimated reduction in Other Personnel Costs associated with the officer and enlisted personnel strength shortfalls and reductions is $14,000.

DEPARTMENT OF DEFENSE - MILITARY

OPERATION AND MAINTENANCE, ARMY

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-10-2020-0-1-051	FY 1974 Request Pending	FY 1974 PROPOSED AMENDMENT MASF	OTHER	TOTAL	FY 1974 Revised Request
PROGRAM BY ACTIVITIES:					
DIRECT PROGRAM:					
1. STRATEGIC FORCES	106,929		-2,347	-2,347	104,582
2. GENERAL PURPOSE FORCES	1,541,218	+89,600	+37,972	-127,572	1,668,790
3. INTELLIGENCE AND COMMUNICATIONS	303,181		+8,497	+8,497	311,678
4. AIRLIFT AND SEALIFT	.....				.....
5. GUARD AND RESERVE	.....				.....
7. CENTRAL SUPPLY AND MAINTENANCE	1,804,318		+23,514	+23,514	1,827,832
8. TRAINING, MEDICAL, AND OTHER GENERAL PERSONNEL ACTIVITIES	1,699,200		+15,697	+15,697	1,714,897
9. ADMINISTRATION AND ASSOCIATED ACTIVITIES	333,572		+1,112	+1,112	334,684
10. SUPPORT OF OTHER NATIONS	542,682	-94,100	-9,345	-103,445	439,237
TOTAL DIRECT PROGRAM	6,331,100	- 4,500	+ 75,100	+ 70,600	6,401,700
REIMBURSABLE (TOTAL)	1,227,831	.....	.....	.....	1,227,831
SUBTOTAL	7,558,931	- 4,500	+ 75,100	+ 70,600	7,629,531
INTRAFUND OBLIGATIONS	- 111,961				- 111,961
10 TOTAL OBLIGATIONS	7,446,970	- 4,500	+ 75,100	+ 70,600	7,517,570
FINANCING:					
RECEIPTS AND REIMBURSEMENTS FROM:					
11 FEDERAL FUNDS	-909,538				-909,538
13 TRUST FUNDS	- 95,300				- 95,300
14 NON-FEDERAL SOURCES	-115,682				-115,682
21 UNOBLIGATED BALANCE AVAILABLE, START OF YEAR	- 33,850				- 33,850
22 UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS	.....				.....
24 UNOBLIGATED BALANCE AVAILABLE, END OF YEAR	38,500				38,500
BUDGET AUTHORITY	6,331,100	- 4,500	+ 75,100	+ 70,600	6,401,700
BUDGET AUTHORITY:					
40 APPROPRIATION	6,331,100	- 4,500	+ 75,100	+ 70,600	6,401,700
41 TRANSFERRED TO OTHER ACCOUNTS	.....				.....
42 TRANSFERRED FROM OTHER ACCOUNTS	.....				.....
43 APPROPRIATION (ADJUSTED)	6,331,100	- 4,500	+ 75,100	+ 70,600	6,401,700
44.10 PROPOSED SUPPLEMENTAL FOR WAGE-BOARD PAY RAISES	.....				.....
44.95 JAN 1973 PAY INCREASE SUPPLEMENTAL/AMENDMENT	.....				.....
69 CONTRACT AUTHORITY (STAT CIT)	.....				.....

OPERATION AND MAINTENANCE, ARMY
(In Thousands of Dollars)

Budget Activity	Justification Book	Less Pay Raise Jan 1973	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Program 1 - Strategic Forces	$108,460	$ 1,531	$106,929		$-2,347	$-2,347	$104,582

The FY 1974 revised request reflects the consolidation of funding for Audio-Visual services in Program 8 (-$51 thousand) as a part of the Army reorganization; the transfer to Program 8 of the base operations carrier program for Fort Stewart (-$2,224 thousand), which serves as a sub-post of the U. S. Military Academy; and other functional transfers ($-72 thousand).

(In Thousands of Dollars)

Budget Activity	Justification Book	Less Pay Raise Jan 1973	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Program 2 - General Purpose Forces	$1,553,400	$ 12,182	$1,541,218	$+89,600	$ 37,972	$ 127,572	$1,668,790

The FY 1974 revised request reflects currency revaluation requirements resulting from the change in the exchange rate of the U. S. dollar in relation to foreign currencies since submission of the President's Budget (+$133,885 thousand, including $89,600 under the proposed MASF amendment); Southeast Asia related ceasefire savings (-$21,843 thousand); increased requirements due to changes in the phasing of base closure actions (+$6,400 thousand); Petroleum, Oil and Lubricants price increases (+$29,400 thousand); functional transfers resulting from the Army reorganization (-$22,572 thousand); and other functional transfers (+$2,302 thousand).

OPERATION AND MAINTENANCE, ARMY
(In Thousands of Dollars)

Budget Activity	Justification Book	Less Pay Raise Jan 1973	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Program 3 - Intelligence and Communications	$308,751	$ 5,570	$303,181		$ 8,497	$ 8,497	$311,678

The FY 1974 revised request reflects an increase in Contract Operation and Maintenance Thailand Engineering and Training Services (COMTETS) due to the extension of FY 1973 requirements at level higher than previously programed and full-year costing of increased requirements associated with the Southeast Asia ceasefire (+$2,600 thousand); currency revaluation requirements resulting from the change in the exchange rate of the U. S. dollar in relation to foreign currency since submission of the President's Budget (+$4,742 thousand); functional transfers resulting from the Army reorganization (+$1,108 thousand); and other functional transfers (+$47 thousand).

(In Thousands of Dollars)

Budget Activity	Justification Book	Less Pay Raise Jan 1973	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Program 7 - Central Supply and Maintenance	$1,844,571	$ 40,253	$1,804,318		$ 23,514	$ 23,514	$1,827,832

The FY 1974 revised request reflects Southeast Asia related ceasefire savings (-$17,499 thousand); currency revaluation requirements resulting from the change in the exchange rate of the U. S. dollar in relation to foreign currencies since submission of the Presidents Budget (+$35,986 thousand); Petroleum, Oil and Lubricants price increases (+$3,300 thousand); increased transportation rates due to price increases for fuel (+$10,500 thousand); functional transfers resulting from the Army reorganization (-$488 thousand); and other functional transfers (-$8,285 thousand).

OPERATION AND MAINTENANCE, ARMY
(In Thousands of Dollars)

Budget Activity	Justification Book	Less Pay Raise Jan 1973	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Program 8 - Training and Other General Personnel Activities	$1,082,410	$ 18,278	$1,064,132		$ 49,801	$ 49,801	$1,113,933

The FY 1974 revised request reflects Southeast Asia related ceasefire savings (-$1,800 thousand); currency revaluation requirements resulting from the change in the exchange rate of the U. S. dollar in relation to foreign currencies since submission of the President's Budget (+$8,544 thousand, including $7,900 thousand for overseas Dependent Education); increased requirements due to changes in the phasing of base closure actions (+$11,300 thousand); Petroleum, Oil and Lubricants price increases (+$5,200 thousand); functional transfers resulting from the Army reorganization (+$19,352 thousand); and other functional transfers (+$7,205 thousand).

(In Thousands of Dollars)

Budget Activity	Justification Book	Less Pay Raise Jan 1973	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Program 8 - Medical Activities	$644,300	$ 9,232	$635,068		$-34,104	$-34,104	$600,964

The FY 1974 revised request reflects an adjustment for changes in the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) since the President's Budget (-$48,200 thousand); Southeast Asia related ceasefire savings (-$1,500 thousand); currency revaluation requirements resulting from the change in the exchange rate of the U. S. dollar in relation to foreign currencies since submission of the President's Budget (+$8,023 thousand); increased requirements due to changes in the phasing of base closure actions (+$2,700 thousand); functional transfers resulting from the Army reorganization (+$4,000 thousand); and other functional transfers (+$873 thousand).

OPERATION AND MAINTENANCE, ARMY
(In Thousands of Dollars)

Budget Activity	Justification Book	Less Pay Raise Jan 1973	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Program 9 - Administration and Associated Activities	$345,909	$ 12,337	$333,572		$ 1,112	$ 1,112	$334,684

The FY 1974 revised request includes funding for the Army's participation in the Executive Development Program (+$1,500 thousand); currency requirements resulting from the change in the exchange rate of the U. S. dollar in relation to foreign currencies since submission of the President's Budget (+$897 thousand); Southeast Asia related ceasefire savings (-$500 thousand); functional transfers (+$564 thousand).

(In Thousands of Dollars)

Budget Activity	Justification Book	Less Pay Raise Jan 1973	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Program 10 - Support of Other Nations	$542,889	$ 207	$542,682	$-94,100	$-9,345	$-103,445	$439,237

The FY 1974 revised request includes Southeast Asia ceasefire savings associated with decreases in Military Assistance Service Funded (MASF) activities (-$94,100 thousand); and a non-MASF amendment reflecting a further decrease of $9,345 thousand. The latter amendment consists of non-MASF ceasefire savings (-$25,764 thousand); Petroleum, Oil and Lubricants price increases (+$9,400 thousand); currency revaluation requirements resulting from the change in the exchange rate of the U. S. dollar in relation to foreign currencies since submission of the President's Budget (+$7,429 thousand); and other functional transfers (-$410 thousand).

DEPARTMENT OF DEFENSE - MILITARY

OPERATION AND MAINTENANCE, ARMY RESERVE

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-10-2080-0-1-051	FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT MASF	OTHER	TOTAL	FY 1974 REVISED REQUEST
PROGRAM BY ACTIVITIES:					
DIRECT PROGRAM:					
1. MISSION FORCES	131,577		754	754	132,331
2. DEPOT MAINTENANCE	10,964		-	-	10,964
3. OTHER SUPPORT	116,259		846	846	117,105
TOTAL DIRECT PROGRAM	258,800		1,600	1,600	260,400
REIMBURSABLE (TOTAL)	3,000		-	-	3,000
SUBTOTAL	261,800		1,600	1,600	263,400
INTRAFUND OBLIGATIONS	-40				-40
10 TOTAL OBLIGATIONS	261,760		1,600	1,600	263,360
FINANCING:					
RECEIPTS AND REIMBURSEMENTS FROM:					
11 FEDERAL FUNDS	-2,569		-	-	-2,569
14 NON-FEDERAL SOURCES	-391		-	-	-391
BUDGET AUTHORITY	258,800		1,600	1,600	260,400
BUDGET AUTHORITY:					
40 APPROPRIATION	258,800		1,600	1,600	260,400
41 TRANSFERRED TO OTHER ACCOUNTS					
43 APPROPRIATION (ADJUSTED)	258,800		1,600	1,600	260,400
44.10 PROPOSED SUPPLEMENTAL FOR WAGE-BOARD PAY RAISES					
44.95 JAN 1973 PAY INCREASE SUPPLEMENTAL/AMENDMENT					

OPERATION & MAINTENANCE, ARMY RESERVE
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
0100 Mission Forces	$134,642	$3,065	$131,577		$754	$754	$132,331

The FY 1974 revised request represents increases in POL Procurement price as projected by the Defense Supply Agency. The pending request provides $2,370,000 for POL, an increase of $754,000.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
0300 Other Support	$118,466	$2,207	$116,259		$846	$846	$117,105

The FY 1974 revised request represents increases in POL procurement price as projected by the Defense Supply Agency. The pending request provides $2,556,000 for POL, an increase of $846,000.

DEPARTMENT OF DEFENSE - MILITARY

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-10-2065-0-1-051	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	FY 1974 Proposed Amendment OTHER	FY 1974 Proposed Amendment TOTAL	FY 1974 Revised Request
PROGRAM BY ACTIVITIES:					
DIRECT PROGRAM:					
1. TRAINING OPERATIONS	129,816		-	-	129,816
2. AIR DEFENSE OPERATIONS	37,711		+ 9	+ 9	37,720
3. LOGISTICAL SUPPORT	334,323		+3,391	+ 3,391	337,714
4. HEADQUARTERS AND COMMAND SUPPORT	33,567		-	-	33,567
5. MEDICAL SUPPORT	1,183		-	-	1,183
TOTAL DIRECT PROGRAM	536,600		+3,400	+ 3,400	540,000
REIMBURSABLE (TOTAL)	1,600		-	-	1,600
10 TOTAL OBLIGATIONS	538,200		+3,400	+ 3,400	541,600
FINANCING:					
RECEIPTS AND REIMBURSEMENTS FROM:					
11 FEDERAL FUNDS	- 1,595		-	-	- 1,595
14 NON-FEDERAL SOURCES	- 5		-	-	- 5
21 UNOBLIGATED BALANCE AVAILABLE, START OF YEAR	- 400		-	-	- 400
24 UNOBLIGATED BALANCE AVAILABLE, END OF YEAR	400		-	-	400
25 UNOBLIGATED BALANCE LAPSING	-		-	-	-
BUDGET AUTHORITY	536,600		+3,400	+ 3,400	540,000
BUDGET AUTHORITY:					
40 APPROPRIATION	536,600		-	-	536,600
41 TRANSFERRED TO OTHER ACCOUNTS	-		-	-	.....
43 APPROPRIATION (ADJUSTED)	536,600		-	-	536,600
44.10 PROPOSED SUPPLEMENTAL FOR WAGE-BOARD PAY RAISES			-	-	-
44.95 JAN 1973 PAY INCREASE SUPPLEMENTAL/AMENDMENT			-	-	-

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
3720 - Air Defense Operations	$ 37,897	$ 186	$37,711	-0-	$9	$9	$37,720

The FY 1974 revised request will provide for increase in price of POL used in support of Air Defense operations.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
3730 - Logistics Support	$336,634	$2,311	$334,323	-0-	$3,391	$3,391	$337,714

The FT 1974 revised request will provide for increase in price of POL used in support of logistics operations (annual training, weekend training, and aircraft).

DEPARTMENT OF DEFENSE - MILITARY

OPERATION AND MAINTENANCE, NAVY

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-10-1804-0-1-051	FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT MASF	OTHER	TOTAL	FY 1974 REVISED REQUEST
PROGRAM BY ACTIVITIES:					
DIRECT PROGRAM:					
1. STRATEGIC FORCES	333,490		4,026	4,026	337,516
2. GENERAL PURPOSE FORCES	2,257,793	43,200	106,855	150,055	2,407,848
3. INTELLIGENCE AND COMMUNICATIONS	301,256		4,679	4,679	305,935
5. GUARD AND RESERVE	1,969,157	5,200	103,002	108,202	2,077,359
7. CENTRAL SUPPLY AND MAINTENANCE	810,738	11,500	4,155	15,655	826,393
8. TRAINING, MEDICAL, AND OTHER GENERAL PERSONNEL ACTIVITIES	179,185		583	583	179,768
9. ADMINISTRATION AND ASSOCIATED ACTIVITIES	52,181	-9,000	-21,300	-30,300	21,881
10. SUPPORT OF OTHER NATIONS					
TOTAL DIRECT PROGRAM	5,903,800	50,900	202,000	252,900	6,156,700
REIMBURSABLE (TOTAL)	1,296,500	-	-	-	1,296,500
SUBTOTAL	7,200,300	50,900	202,000	252,900	7,453,200
INTRAFUND OBLIGATIONS	-578,800	-	-	-	-578,800
10 TOTAL OBLIGATIONS	6,621,500	50,900	202,000	252,900	6,874,400
FINANCING:					
RECEIPTS AND REIMBURSEMENTS FROM:					
11 FEDERAL FUNDS	-656,217	-	-	-	-656,217
13 TRUST FUNDS	-15,500	-	-	-	-15,500
14 NON-FEDERAL SOURCES	-45,983	-	-	-	-45,983
22 UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS					
BUDGET AUTHORITY	5,903,800	50,900	202,000	252,900	6,156,700
BUDGET AUTHORITY:					
40 APPROPRIATION					
41 TRANSFERRED TO OTHER ACCOUNTS					
42 TRANSFERRED FROM OTHER ACCOUNTS					
43 APPROPRIATION (ADJUSTED)	5,903,800	50,900	202,000	252,900	6,156,700
44.10 PROPOSED SUPPLEMENTAL FOR WAGE-BOARD PAY RAISES					

OPERATION AND MAINTENANCE, NAVY

PERSONNEL SUMMARY

	FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT MASF	OTHER	TOTAL	FY 1974 REVISED REQUEST
Total number of permanent positions	125,183	-	+ 481	+ 481	125,664
Full-time equivalent of other positions	2,335	-	+2,838	+2,838	5,173
Average number of all employees	124,838	-	+1,937	+1,937	126,775
Average GS grade	7.1	-	-	-	7.1
Average GS salary	11,866	-	-	-	11,866
Average salary of ungraded positions	10,004	-	-	-	10,004

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
1. Strategic Forces	$335,941	$2,451	$333,490	-	$ 4,026	$ 4,026	$337,516

Contractual bid opening for jet fuel for the July-December 1973 period revealed that coverage would be available at a price approximately 32% higher than previous contract prices. Similar solicitations for shore and ship fuel power generation requirements indicated comparable price increases. The impact of having to absorb these price increases will impact on our capability to improve fleet readiness. Funding requirements resulting from these price increases total $1,011.

A decrease in FY 1974 civilian manyears resulting from separations in FY 1973 which reduced beginning strengths in FY 1974 to a number lower than planned in the budget request equates to a dollar reduction of $334.

A requirement for $3,349 exists as the result of the shore activities realignment action. Funds are required for relocation, transportation, including shipment of material and civilian personnel separation costs.

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
2. General Purpose Forces	$2,270,877	$13,084	$2,257,793	$ 43,200	$ 106,855	$ 150,055	$2,407,848

The devaluation of the dollar and the revaluation of foreign currencies has impacted on the purchase of foreign currencies to cover supplies, equipment, and services purchased in foreign countries, the pay of foreign national employees, and the payment of station allowances and per diem for temporary duty in foreign countries. Specific requirements resulting from these currency adjustments total $12,566.

A decrease in FY 1974 civilian manyears resulting from separations in FY 1973 which reduced beginning strengths in FY 1974 to a number lower than planned in the budget request equates to a dollar reduction of $3,289.

Navy, as the Executive Agent in Southeast Asia has primary responsibility for funding the Defense Attache Office (DAO), Saigon. Resources required total $53.3 million and provide for administrative, contractual support and personnel compensation. The DAO executes normal attache functions, performs military assistance programming and budgeting and monitors logistic and communication support to Vietnamese Armed Forces.

The $10.9 million requirement in Ship Maintenance is composed of the following:

USS SARATOGA (CV 60):	$3.4 million
USS STURGEON (SSN 637):	2.1 million
Guided Missile destroyers:	5.4 million

USS SARATOGA had neither a preoverhaul test period prior to its FY 1972-1973 departure to Vietnam nor an adequate ship check during its deployment. After induction into overhaul, severe problems became evident which must be corrected during this overhaul.

USS STURGEON experienced a grounding incident which resulted in damage to the sonar dome and sphere along with structural damage to the dome supports. Torpedo tubes must also be realigned.

Guided Missile Destroyers: Problems are developing on 6 destroyers in the propulsion plant area. Based upon the Propulsion Examining Board (PEB), additional repairs must be accomplished.

Funds of $7,600 are necessary to satisfy the repetitive type maintenance and repair to real property such as cyclic maintenance of runway lighting, utility plants and distribution systems, grounds and buildings. This will help alleviate the

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2. General Purpose Forces (Continued)

breakdown/repair type operation currently being experienced at field activities.

Contractual bid opening for jet fuel for the July-December 1973 period revealed that coverage would be available at a price approximately 32% higher than previous contract prices. Similar solicitations for shore and ship fuel power generation requirements indicated comparable price increases. The impact of having to absorb these price increases will impact on our capability to improve fleet readiness. Funding requirements resulting from these price increases total $65,691.

Functional Transfers ($-3,497) are reclassifications representing no change in the application of financial resources from the purpose originally contemplated, budgeted for, and described in the justification material submitted to Congress in support of the FY 1974 budget request.

A requirement for $6,784 exists as the result of shore activities realignment actions. Funds are required for relocation, transportation, including shipment of material, and civilian personnel separation costs.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
3. Intelligence and Security	$306,201	$ 4,945	$301,256	-	$ 4,679	$ 4,679	$305,935

The amendment request consists of increases totalling $6,170 thousand offset by decreases of $1,491 thousand. The net increase adjustment of $4,679 thousand consists of the following program increases and reductions:

Fuel price increases	$+1,901
Shore Establishment Realignment increases	+ 54
Civilian personnel reductions	-1,491
Southeast Asia costs	+ 100
Dollar devaluations	+3,505
Functional transfers	+ 610
TOTAL	$+4,679

Contractual bid opening for jet fuel for the July-December 1973 period revealed that coverage would be available at a price approximately 32% higher than previous contract prices. Similar solicitations for shore and ship fuel power generation requirements indicated comparable price increases. The impact of having to absorb these price increases will impact on our capability to improve fleet readiness. Funding requirements resulting from these price increases total $1,901.

A requirement for $54 exists as a result of the shore establishment realignment actions. Funds are required for relocation, transportation, including shipment of material and civilian personnel separation costs.

A decrease in FY 1974 civilian manyears resulting from separations in FY 1973 which reduced beginning strengths in FY 1974 to a number lower than planned in the budget request equates to a dollar reduction of $1,491.

A requirement for $100 is necessitated for travel and temporary additional duty of oceanographic teams that were charting the waters as Navy completed the mine-sweeping effort in Vietnam.

The devaluation of the dollar and the revaluation of foreign currencies has impacted on the purchase of foreign currencies to cover supplies, equipment, and services purchased in foreign countries, the pay of foreign national employees, and the payment of station allowances and per diem for temporary duty in foreign countries. Specific requirements resulting from these currency adjustments total $3,505.

Functional Transfers ($+610) are reclassifications representing no change in the application of financial resources from the purpose originally contemplated, budgeted for, and described in the justification material submitted to Congress in support of the FY 1974 budget request.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
7. Central Supply and Maintenance	$2,006,228	$37,071	$1,969,157	$ 5,200	$ 103,002	$ 108,202	$2,077,359

The FY 1974 proposed amendment for Budget Activity VII covers increased funding requirements arising from fuel, utility, material and other cost increases and currency devaluation; transportation rate increases; one-time costs attendant to the Shore Establishment Realignment (SER) projects; and a change in billing procedures for nuclear cores. Amendment requirements are summarized in the following table:

Aircraft Rework	$+58,400
SER Projects	+34,698
SUPSHIPS	+3,300
Nuclear Core Reprocessing	+16,000
Transportation	+6,300
Fuel Price Increases	+4,985
Dollar Devaluation	+5,782
Functional Transfers	-2,009
SEA Offset	-12,600
Manyear Reduction	-6,654
	$+108,202

An additional $58.4 million is requested for the overhaul and repair of airframes, engines and aviation components. In terms of program accomplishment, budgeted resources will no longer support related workload due to the effects of inflationary cost growth and an increasing depth of rework required by the material condition of incoming aircraft. The requested amendment will permit retention of originally planned workload levels, thereby avoiding further degradation to aviation readiness.

The SER projects will require an additional FY 1974 increase of $34.7M to cover severance and other personnel costs; removal, relocation and reinstallation of tools and equipment; redistribution of inventories; coverage of fixed overhead during the phasedown of operations; and other closure related costs. This requirement stems primarily from the depot. As a related cost, the Budget Amendment includes $3.3M for SUPSHIPS offices in recognition of the fact that a larger percentage of shipwork will now be directed to the private sector.

The Atomic Energy Commission has changed its billing procedures for nuclear material used in recoring Naval ship reactors. This material was previously paid for by the Navy upon completion of its useful life when it became necessary to recore the nuclear power plant. Under the new arrangement, the Navy will be required to pay for nuclear material on an as -- consumed basis, the same as for other fuel. This procedure will necessitate a one-time catch-up payment of $16M in FY 1974 to cover fuel already consumed by reactors now in service.

Other cost increases include $6.3M for transportation rate increases and $10.8M for fuel price increases and currency devaluation applicable to aviation, ordnance, ship electronic, facilities and supply base operations programs. Finally, overall requirements in this Budget Activity have been partially offset by functional transfers of $-2.0M, recognition of SEA related reductions of $-12.6M and civilian manyear decreases of $-6.7M to arrive at a net request of $108.2M for additional New Obligational Authority.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
8. Training, Medical and Other General Personnel Activities							
	$820,676	$ 9,938	$810,738	$ 11,500	$ 4,155	$ 15,655	$826,393
Training and Other General Personnel Activities							
	$459,745	$ 7,022	$452,723	$ 8,400	$- 396	$ 8,004	$460,727

The net increase of $8.0 million requested for support of training and other general personnel activities is comprised of the following:

POL Price Increases ($+8.3 million)-Contractual bid opening for jet fuel for the period July-December 1973 revealed that coverage would be available at a price approximately 32% higher than previous contract prices. Similar solicitations for

8. Training, Medical and Other General Personnel Activities (Continued)

shore and ship fuel power generation requirements indicated comparable price increases. Funding requirements resulting from these price increases total $8.3 million.

Dollar Devaluation ($+.3 million)- The devaluation of the dollar and the revaluation of foreign currencies has impacted on the purchase of foreign currencies to cover supplies, equipment, and services purchased in foreign countries, the pay of foreign national employees, and the payment of station allowances and per diem for temporary duty in foreign countries. Specific requirements resulting from these currency adjustments total $.3 million.

Shore Establishment Realignment ($+3.7 million)-A requirement for $3.7 million exists as the result of shore establishment realignments. Funds are required for relocation, transportation, including shipment of material, and civilian personnel separation costs.

JUMPS ($+1.1 million)-The JUMPS (Joint Uniform Military Pay System) is being jointly developed by the Office of the Comptroller of the Navy and the Bureau of Naval Personnel to provide uniformity between the services, improved military pay services, and to provide a pay-data bank to provide timely reports. The increase requested here is required in order to provide more accurate and timely information from automated personnel files (Manpower and Personnel Management Information System) required for pay purposes by the Navy Finance Center (JUMPS).

Civilian Personnel ($-2.5 million)- A decrease in FY 1974 civilian manyears resulting from separations in FY 1973 which reduced beginning strengths in FY 1974 to a number lower than planned in the budget request equates to a dollar reduction of 2.5 million.

Functional Transfers ($-2.9 million) - Functional Transfers amounting to $-2.9 million are reclassifications representing no change in the application of financial resources from the purpose originally contemplated, budgeted for, and described in the justification material submitted to Congress in support of the FY 1974 budget request.

Medical Support	$360,931	$-2,916	$358,015	$ 3,100	$ 4,551	$ 7,651	$365,666

A net increase of $7.7 million requested for medical support includes the following:

POL Price Increases ($+1.5 million) - Solicitations for shore fuel power generation requirements indicate prices significantly higher than previous contract prices. Funding requirements for medical support resulting from these price increases total $1.5 million.

Dollar Devaluation ($+.8 million) - The devaluation of the dollar and the revaluation of foreign currencies has impacted on the purchase of foreign currencies to cover supplies, equipment, and services purchased in foreign countries, the pay of foreign national employees, and the payment of station allowances and per diem for temporary duty in foreign countries. Specific requirements resulting from these currency adjustments total $.8 million.

Shore Establishment Realignment ($+3.0 million)- A requirement for $3.0 million results from shore establishment realignments. Funds are required for relocation, transportation, including shipment of material, civilian personnel termination costs, and costs of medical care in civilian and other non-service institutions.

POW/MIA Family Counseling ($+.3 million)- Investigations conducted by the Center for Prisoner of War Studies, Naval Medical Neuropsychiatric Research Unit indicated the need for a wide variety of personal counseling services for families of the missing in action and the repatriated prisoners of war and their families. An increase of $.3 million is requested in order to provide the required professional assistance.

Care of the Dead ($+.3 million)- In order to provide for repatriation of the SEA war dead an increase of $.3 million is requested.

Civilian Personnel ($-1.3 million) - A decrease in FY 1974 civilian manyears resulting from separations in FY 1973 which reduced beginning strengths in FY 1974 to a number lower than planned in the budget request equates to a dollar reduction of $1.3 million.

CHAMPUS ($-5.0 million) - Recent data reflects a decrease in costs under this program. This results from a combination of revised criteria in the program for the handicapped and price increases which were less than anticipated.

Functional Transfers ($+8.1 million) - Functional Transfers amounting to $+8.1 million are reclassifications representing no change in the application of financial resources from the purpose originally contemplated, budgeted for, and described in the justification material submitted to Congress in support of the FY 1974 budget request.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 1973	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
9. Administration and Associated Activities	$184,564	$5,379	$179,185	-	$ 583	$ 583	$179,768

The $583 thousand increase is the result of the following program increases and reductions:

JUMPS	+1,300
Fuel Price Increases	+844
Shore Establishment Realignment Savings	-350
Civilian Personnel Reductions	-928
Functional Transfers	-283
TOTAL	+583

JUMPS. Acceleration of the JUMPS program has resulted in additional costs of $1,300 in FY 1974.

Fuel Price Increase. Contractual bid opening for jet fuel for the July - December 1973 period revealed that coverage would be available at a price approximately 32% higher than previous contract prices. Similar solicitations for shore and ship fuel power generation requirements indicated comparable price increases. The impact of having to absorb these price increases will impact on our capability to improve fleet readiness. Funding requirements resulting from these price increases total $844 thousand.

Shore Establishment Realignment Savings. As a result of the closing of many bases and activities and consolidation action at other installations, $350 thousand is available for other requirements.

Civilian Personnel Reductions. Dollar savings in the amount of $928 thousand in civilian Man Year costs resulting from separations in FY 1973 which reduced beginning strengths in FY 1974 to a number lower than planned in the budget request.

Functional Transfers. Functional Transfers amounting to $283 thousand are reclassifications representing no change in the application of financial resources from the purpose originally contemplated, budgeted for, and described in the justification material submitted to Congress in support of the FY 1974 budget request.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 1973	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
10. Support of Other Nations	$52,292	$ 111	$52,181	$-9,000	$-21,300	$-30,300	$21,881

The reduction in the MASF column reflects a change in the supply requisition objective from a level of 365 days to only 180 days of supplies on hand or on order in support of the Vietnamese Navy. The balance of the reduction is a direct result of the cease-fire and consists of: elimination of the classified projects program ($-11,700), closure of the Naval Forces, Vietnam activity ($-2,000), and reductions in technical assistance, service craft support, base maintenance, and shipyard support ($-7,600).

DEPARTMENT OF DEFENSE - MILITARY

OPERATION AND MAINTENANCE, NAVY RESERVE

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-10-1806-0-1-051	FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT MASF	OTHER	TOTAL	FY 1974 REVISED REQUEST
PROGRAM BY ACTIVITIES:					
DIRECT PROGRAM:					
1. MISSION FORCES	81,719		6,500	6,500	88,219
2. DEPOT MAINTENANCE	37,274		2,400	2,400	39,674
3. OTHER SUPPORT	47,507		-	-	47,507
TOTAL DIRECT PROGRAM	166,500		8,900	8,900	175,400
REIMBURSABLE (TOTAL)	3,500		-	-	3,500
SUBTOTAL	170,000		8,900	8,900	178,900
INTRAFUND OBLIGATIONS	-1,200		-	-	-1,200
10 TOTAL OBLIGATIONS	168,800		8,900	8,900	177,700
FINANCING:					
RECEIPTS AND REIMBURSEMENTS FROM:					
11 FEDERAL FUNDS	-2,283		-	-	-2,283
14 NON-FEDERAL SOURCES	-17		-	-	-17
BUDGET AUTHORITY	166,500		8,900	8,900	175,400
BUDGET AUTHORITY:					
40 APPROPRIATION	166,500		8,900	8,900	175,400
44.10 PROPOSED SUPPLEMENTAL FOR WAGE-BOARD PAY RAISES					
44.95 JAN 1973 PAY INCREASE SUPPLEMENTAL/AMENDMENT					

OPERATION AND MAINTENANCE, NAVY RESERVE
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
1. Mission Forces	$81,787	$ 68	$81,719	-	$ 6,500	$ 6,500	$88,219

Contractual bid opening for jet fuel for the July-December 1973 period revealed that coverage would be available at a price approximately 32% higher than previous contract prices. Similar solicitations for shore and ship fuel power generation requirements indicated comparable price increases. The impact of having to absorb these price increases will impact on our capability to improve fleet readiness. Funding requirements resulting from these price increases total $5.3 million.

This increase of $1.2 million to the ship maintenance program will fund urgent repair work on the USS LAW and USS WARE. The very poor material condition of these ships requires that they have a non-scheduled availability to maintain them in a minimum state of readiness.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
2. Depot Maintenance	$37,397	$123	$37,274	-	$ 2,400	$+2,400	$39,674

Due to inflationary cost increases only 235 of the congressionally requested 258 aircraft can be reworked in FY 1974. This request will restore the rework of 23 aircraft. It will provide for a reserve aircraft rework program comparable to that of the active fleet.

DEPARTMENT OF DEFENSE - MILITARY

OPERATION AND MAINTENANCE, MARINE CORPS

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 97-10-1106-0-1-051	FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT MASF	FY 1974 PROPOSED AMENDMENT OTHER	FY 1974 PROPOSED AMENDMENT TOTAL	FY 1974 REVISED REQUEST
PROGRAM BY ACTIVITIES:					
DIRECT PROGRAM:					
2. GENERAL PURPOSE FORCES	211,423	5,809	-670	5,139	216,562
3. INTELLIGENCE AND COMMUNICATIONS	819	-	70	70	889
5. GUARD AND RESERVE					
7. CENTRAL SUPPLY AND MAINTENANCE	95,244	55	6,330	6,385	101,629
8. TRAINING, MEDICAL, AND OTHER GENERAL PERSONNEL ACTIVITIES	67,586	136	70	206	67,792
9. ADMINISTRATION AND ASSOCIATED ACTIVITIES	29,628	-	500	500	30,128
10. SUPPORT OF OTHER NATIONS					
TOTAL DIRECT PROGRAM	404,700	6,000	6,300	12,300	417,000
REIMBURSABLE (TOTAL)	66,975	-	-	-	66,975
SUBTOTAL	471,675	6,000	6,300	12,300	483,975
INTRAFUND OBLIGATIONS	- 6,700	-	-	-	- 6,700
10 TOTAL OBLIGATIONS	464,975	6,000	6,300	12,300	477,275
FINANCING:					
RECEIPTS AND REIMBURSEMENTS FROM:					
11 FEDERAL FUNDS	-54,175	-	-	-	-54,175
14 NON-FEDERAL SOURCES	- 6,100	-	-	-	- 6,100
22 UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS					
25 UNOBLIGATED BALANCE LAPSING					
BUDGET AUTHORITY	404,700	6,000	6,300	12,300	417,000
BUDGET AUTHORITY:					
40 APPROPRIATION	404,700	6,000	6,300	12,300	417,000
41 TRANSFERRED TO OTHER ACCOUNTS					
42 TRANSFERRED FROM OTHER ACCOUNTS					
43 APPROPRIATION (ADJUSTED)	404,700	6,000	6,300	12,300	417,000
44.10 PROPOSED SUPPLEMENTAL FOR WAGE-BOARD PAY RAISES					

OPERATION AND MAINTENANCE, MARINE CORPS
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
2. General Purpose Forces	$213,150	$1,727	$211,423	$5,809	$-670	$5,139	$216,562

An increase in Marine Corps operating costs of $4,200,000 in Japan and Okinawa results from the FY 1973 yen/dollar currency revaluation.

A decrease of $3,000,000 reflects realignment of funds included in this budget activity which should have been included under Budget Project 7D, Transportation of Things, Budget Activity 7, Central Supply and Maintenance.

An increase of $1,000,000 is required to provide first quarter support for Operating Forces in Southeast Asia, costs associated with the relocation of these forces to their permanent duty stations, and replacement of equipment.

The Master Labor contract covering local national employees in Japan and Okinawa was renegotiated and amended. The total increase related to this amendment is $800,000.

During the latter part of FY 1973 the Services were notified of the difficulties being encountered in obtaining contract coverage of petroleum products as well as FY 1974 price increases of new procurements. An additional $2,709,000 is required for increased procurement costs related to petroleum products.

A decrease in the amount of $570,000 is requested in FY 1974 funding for the second increment of a program initiated in FY 1973 to replace military with civilians in the mess function. It is requested that these funds be realigned to Budget Activity 3, Intelligence and Communications ($70,000) and Budget Activity 9, Administration and Associated Activities ($500,000).

OPERATION AND MAINTENANCE, MARINE CORPS

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
3. Intelligence and Communications	$819	-	$819	-	$70	$70	$ 889

The increase of $70,000 is required to fund the Marine Corps' pro-rata share for civilian operation of a joint dining facility at Fort Meade, Maryland. This increase reflects a realignment of funding from Budget Activity 2. General Purpose Forces.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
7. Central Supply and Maintenance	$96,645	$1,401	$95,244	$55	$6,330	$6,385	$101,629

Additional funds in the amount of $6,300,000 are required to support second destination transportation costs. $3,000,000 of this amount reflects a realignment of funds inadvertently placed in Budget Activity 2, General Purpose Forces which should be realigned under Budget Project 7D, Transportation of Things, this budget activity. The balance of $3,300,000 relates to increases in transportation tariff rates effective 1 July 1973 and increased transportation costs above that initially budgeted for the movement of material.

During the latter part of FY 1973 the Services were notified of the difficulties being encountered in obtaining contract coverage of petroleum products as well as FY 1974 price increases of new procurements. An additional $85,000 is required for increased procurement costs related to petroleum products.

OPERATION AND MAINTENANCE, MARINE CORPS
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
8. Training, Medical and Other General Personnel Activities	$68,132	$546	$67,586	$136	$70	$206	$67,792

During the latter part of FY 1973 the Services were notified of the difficulties being encountered in obtaining contract coverage of petroleum products as well as FY 1974 price increases of new procurements. An additional $206,000 is required for increased procurement costs related to petroleum products. A breakout by budget project follows:

Budget Project	Title	Amount
8A	Recruit Training	5
8B	Specialized Training	15
8E	Other Activities	186

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
9. Administration and Associated Activities	$30,639	$1,011	$29,628	-	$500	$500	$30,128

Additional funds are required to implement approved reorganization of the Headquarters, Marine Corps staff for increased management effectiveness through consolidation of functional responsibilities which will interface with those of the Secretary of Defense and the Secretary of the Navy. This increase reflects a realignment of funding from Budget Activity 2, General Purpose Forces.

DEPARTMENT OF DEFENSE - MILITARY

OPERATION AND MAINTENANCE, AIR FORCE

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-10-3400-0-1-051

		FY 1974 Request Pending	FY 1974 MASF	Proposed OTHER	Amendment TOTAL	FY 1974 Revised Request
	PROGRAM BY ACTIVITIES:					
	DIRECT PROGRAM:					
	1. STRATEGIC FORCES	1,064,852	+ 59,362	+ 30,340	+ 89,702	1,154,554
	2. GENERAL PURPOSE FORCES	921,730	+ 43,051	+ 69,689	+112,740	1,034,470
	3. INTELLIGENCE AND COMMUNICATIONS	518,765	+ 5,205	+ 8,373	+ 13,578	532,343
	4. AIRLIFT AND SEALIFT	174,199	+ 540	+ 4,501	+ 5,041	179,240
	5. GUARD AND RESERVE	--	--	--	--	--
	7. CENTRAL SUPPLY AND MAINTENANCE	2,330,227	--	+ 24,231	+ 24,231	2,354,458
	8. TRAINING, MEDICAL, AND OTHER GENERAL PERSONNEL ACTIVITIES	940,897	+ 11,242	+ 8 150	+ 19,392	960,289
	9. ADMINISTRATION AND ASSOCIATED ACTIVITIES	212,363		+ 2,650	+ 2,650	215,013
	10. SUPPORT OF OTHER NATIONS	351,967	- 76,400	+ 11,166	- 65,234	286,733
	TOTAL DIRECT PROGRAM	6,515,000	+ 43,000	+159,100	+202,100	6,717,100
	REIMBURSABLE (TOTAL)	529,600	--	--	--	529,600
10	TOTAL OBLIGATIONS	7,044,600	+ 43,000	+159,100	+202,100	7,246,700
	FINANCING:					
	RECEIPTS AND REIMBURSEMENTS FROM:					
11	FEDERAL FUNDS	- 430,552	--	--	--	- 430,552
13	TRUST FUNDS	- 73,727	--	--	--	- 73,727
14	NON-FEDERAL SOURCES	- 24,146	--	--	--	- 24,146
21	UNOBLIGATED BALANCE AVAILABLE, START OF YEAR	- 27,690	--	--	--	- 27,690
22	UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS	--	--	--	--	--
24	UNOBLIGATED BALANCE AVAILABLE, END OF YEAR	26,515	--	--	--	26,515
	BUDGET AUTHORITY	6,515,000	+ 43,000	+159,100	+202,100	6,717,100

OPERATION & MAINTENANCE, AIR FORCE
(Dollars in Thousand)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Strategic Forces	$1,078,313	$13,461	$1,064,852	$59,362	$30,340	$89,702	$1,154,554

Amount

a. Petroleum Product Price Increases: Jet fuel and gasoline for aircraft, gasoline for motor vehicles and ground equipment and fuel oil for heating and power plants have all risen in price since the budget estimate was prepared. The effect of these price increases has been claculated by applying the latest fuel consumption factors to the latest estimates of flying hours and vehicle and plant operating hours to determine total fuel requirements. The fuel price schedule supplied by the Defense Supply Agency (Defense Fuel Supply Center) Bulletin No. 73-2, 25 May 1973 was then applied to the net fuel consumption requirement to determine the net cost increase. Of the total requirement of $75,175, $59,362 is included in the MASF column as specified by the Secretary of Defense letters of 15 and 25 June 1973. $75,175

b. Currency Revaluation: The budget estimate was submitted using foreign exchange rates in effect on 1 October 1972. Since that time the value of the dollar has declined in relation to certain foreign currencies. This differential has been most marked in Western Europe and Japan. The impact of the change in exchange rates was calculated by determining the percentage increases in exchange ratios as of 20 August 1973 and applying these percentages to the foreign exchange requirements needed for local purchases of goods and services by overseas air forces. $ 3,132

c. SEA Redeployment: The budget estimate did not provide for the costs of redeployment of the B-52 and KC-135 surge forces because of uncertainty as to the duration of SEA operations. Redeployment costs include reimbursement to the Airlift Service Industrial Fund for the movement of personnel and equipment and one time organization level costs for maintenance. The intensive use of the surge forces deployed to Southeast Asia caused the deferral of non-critical maintenance. The FY 1974 budget estimate was based on normal maintenance factors and therefore did not adequately provide for the base level restoration of surge force aircraft, associated equipment, vehicles and ground support equipment to normal maintenance standards. The deferred requirements include such items as replacement of corroded aircraft panels, touch-up paint and other aircraft corrosion repairs, replacement of radomes, replacement of wheels, hoses, electrical connectors, engines of powered ground support equipment due to accelerated usage rates and corrosion. $11,395

Total $89,702

OPERATION & MAINTENANCE, AIR FORCE
(Dollars in Thousand)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
General Purpose Forces	$928,783	$7,053	$921,730	$43,051	$69,689	$112,740	$1,034,470

	AMOUNT
a. Petroleum Product Price Increases - Jet fuel and gasoline for aircraft, gasoline for motor vehicles and ground equipment and fuel oil for heating and power plants have all risen in price since the budget estimate was prepared. The effect of these price increases has been calculated by applying the latest fuel consumption factors to the latest estimates of flying hours and vehicle and plant operating hours to determine total fuel requirements. The fuel price schedule supplied by the Defense Supply Agency (Defense Fuel Supply Center) Bulletin No. 73-2, 25 May 1973 was then applied to the net fuel consumption requirement to determine the net cost increase. Of the total requirement of $57,945 thousand, $43,051 thousand is included in the MASF column as specified by the Secretary of Defense letters of 15 and 25 June 1973.	$ 57,945
b. Currency Revaluation - The budget estimate was submitted using foreign exchange rates in effect on 1 October 1972. Since that time the value of the dollar has declined in relation to certain foreign currencies This differential has been most marked in Western Europe and Japan. The impact of the change in exchange rates was calculated by determining the percentage increases in exchange ratios as of 20 Aug. 73 and applying these percentages to the foreign exchange requirements needed for local purchases of goods and services by overseas air forces.	$ 34,252
c. SEA Redeployment - The budget estimate did not provide for the costs of redeployment of the F-4, F-105, F-111, A-7, EB-66 and OV-10 surge forces because of uncertainty as to the duration of SEA operations. Redeployment costs include reimbursement to the Airlift Service Industrial Fund for the movement of personnel and equipment, commercial land transportation, packing and crating, and one time organization level costs for maintenance. The intensive use of the tactical surge forces deployed to Southeast Asia caused the deferral of non-critical maintenance. The FY 1974 budget estimate was based on normal maintenance factors and therefore did not adequately provide for the base level restoration of surge force aircraft, associated equipment, vehicles and ground support equipment to normal maintenance standards. The deferred requirements include such items as replacemert of corroded aircraft panels, touch-up paint and other aircraft corrosion repairs, placement of wheels, hoses, electrical connectors, engines of powered ground support equipment due to accelerated usage rates and corrosion.	$ 20,543
TOTAL	$112,740

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OPERATION & MAINTENANCE, AIR FORCE
(Dollars in Thousand)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Communication and Intelligence	$525,350	$6,585	$518,765	$5,205	$8,373	$13,578	$532,343

	Amount
a Petroleum Product Price Increases: Jet fuel and gasoline for aircraft, gasoline for motor vehicles and ground equipment and fuel oil for heating and power plants have all risen in price since the budget estimate was prepared. The effect of these price increases has been calculated by applying the latest fuel consumption factors to the latest estimates of flying hours and vehicle and plant operating hours to determine total fuel requirements. The fuel price schedule supplied by the Defense Supply Agency (Defense Fuel Supply Center) Bulletin No. 73-2, 25 May 1973 was then applied to the net fuel consumption requirement to determine the net cost increase. Of the total requirement of $6,241, $5,205 is included in the MASF column as specified by the Secretary of Defense letters of 15 and 25 June 1973.	$ 6,241
b. Currency Revaluation: The budget estimate was submitted using foreign exchange rates in effect on 1 October 1972. Since that time the value of the dollar has declined in relation to certain foreign currencies. This differential has been most marked in Western Europe and Japan. The impact of the change in exchange rates was calculated by determining the percentage increases in exchange ratios as of 20 Aug. 1973 and applying these percentages to the foreign exchange requirements needed for local purchases of goods and services by overseas air forces.	$ 5,072
c. SEA Low-altitude Drone Reconnaissance Requirement: The budget estimate did not provide for costs to continue BUFFALO HUNTER, a low-altitude reconnaissance drone, in-theater capability. The FY 1974 budget estimate was based on planned phase down of this intelligence collection system to a contingency status. By memorandum of 8 June 1973 the Deputy Secretary of Defense directed that the deployed BUFFALO HUNTER mission continue in an operational status.	$ 2,265
TOTAL	$13,578

OPERATION & MAINTENANCE, AIR FORCE
(Dollars in Thousand)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Airlift and Sealift	$178,434	$4,235	$174,199	$540	$4,501	$5,041	$179,240

	AMOUNT
a. Petroleum Product Price Increases. Jet fuel and gasoline for aircraft, gasoline for motor vehicles and ground equipment and fuel oil for heating and power plants have all risen in price since the budget estimate was prepared. The effect of these price increases has been calculated by applying the latest fuel consumption factors to the latest estimates of flying hours and vehicle and plant operating hours to determine total fuel requirements. The fuel price schedule supplied by the Defense Supply Agency (Defense Fuel Supply Center) Bulletin No. 73-2, 25 May 1973 was then applied to the net fuel consumption requirement to determine the net cost increase. Of the total requirement of $4,583 thousand , $540 thousand is included in the MASF column as specified by the Secretary of Defense letter of 15 and 25 June 1973.	$4,583
b. Currency Revaluation. The budget estimate was submitted using foreign exchange rates in effect on 1 October 1972. Since that time the value of the dollar has declined in relation to certain foreign currencies. This differential has been most marked in Western Europe and Japan. The impact of the change in exchange rates was calculated by determining the percentage increases in exchange ratios as of 20 Aug. 1973 and applying these percentages to the foreign exchange requirements needed for local purchases of goods and services by overseas air forces.	$ 458
TOTAL	$5,041

OPERATION & MAINTENANCE, AIR FORCE
(Dollars in Thousand)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Central Supply and Maintenance	$2,356,002	$25,775	$2,330,227	-	$24,231	$24,231	$2,354,458

	Amount
a. Petroleum Product Price Increases. Jet fuel and gasoline for aircraft, gasoline for motor vehicles and ground equipment and fuel oil for heating and power plants have all risen in price since the budget estimate was prepared. The effect of these price increases has been calculated by applying the latest fuel consumption factors to the latest estimates of flying hours and vehicle and plant operating hours to determine total fuel requirements. The fuel price schedule supplied by the Defense Supply Agency (Defense Fuel Supply Center) Bulletin No. 73-2, 25 May 1973 was then applied to the net fuel consumption requirement to determine the net cost increase.	$ 2,360
b. Currency Revaluation. The budget estimate was submitted using foreign exchange rates in effect on 1 October 1972. Since that time the value of the dollar has declined in relation to certain foreign currencies. This differential has been most marked in Western Europe and Japan. The impact of the change in exchange rates was calculated by determining the percentage increases in exchange ratios as of 20 Aug. 1973 and applying these percentages to the foreign exchange requirements needed for local purchases of goods and services by overseas Air Forces.	$ 1,292
c. Airlift Service Industrial Fund (ASIF) Tariff Increase. The ASIF has increased its tariff charges to customers because of the increased cost of aviation fuel. This tariff rate increase is applicable to second destination transportation and is paid from the Operation and Maintenance appropriation.	$20,579
Total	$24,231

OPERATION & MAINTENANCE, AIR FORCE
(Dollars in Thousand)

Budget Activity	Justification Book	Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Training, And Other General Personnel Activities	$565,455	$10,176	$555,279	$11,242	$6,370	$17,612	$572,891

a. Petroleum Product Price Increases - Jet fuel and gasoline for aircraft, gasoline for motor vehicles and ground equipment and fuel oil for heating and power plants have all risen in price since the budget estimate was prepared. The effect of these price increases has been calculated by applying the latest fuel consumption factors to the latest estimates of flying hours and vehicle and plant operating hours to determine total fuel requirements. The fuel price schedule supplied by the Defense Supply Agency (Defense Fuel Supply Center) Bulletin No. 73-2, 25 May 1973 was then applied to the net fuel consumption requirement to determine the net cost increase. Of the total requirement of $15,680 thousand, $11,242 thousand is included in the MASF column as specified by the Secretary of Defense letters of 15 and 25 June 1973. $15,680

b. Currency Revaluation - The budget estimate was submitted using foreign exchange rates in effect on 1 October 1972. Since that time the value of the dollar has declined in relation to certain foreign currencies. This differential has been most marked in Western Europe and Japan. The impact of the change in exchange rates was calculated by determining the percentage increases in exchange ratios as of 20 Aug. 1973 and applying these percentages to the foreign exchange requirements needed for local purchases of goods and services by overseas air forces. $ 1,932

TOTAL $17,612

OPERATION & MAINTENANCE, AIR FORCE
(Dollars in Thousands)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Medical	$387,770	$2,152	$385,618	-	$1,780	$1,780	$387,398

a. Petroleum Product Price Increases - Jet fuel and gasoline for aircraft, gasoline for motor vehicles and ground equipment and fuel oil for heating and power plants have all risen in price since the budget estimate was prepared. The effect of these price increases has been calculated by applying the latest fuel consumption factors to the latest estimates of flying hours and vehicles and plant operating hours to determine total fuel requirements. The fuel price schedule supplied by the Defense Supply Agency (Defense Fuel Supply Center) Bulletin No. 73-2, 25 May 1973 was then applied to the net fuel consumption requirement to determine the net cost increase. $ 793

b. Currency Revaluation - The budget estimate was submitted using foreign exchange rates in effect on 1 October 1972. Since that time the value of the dollar has declined in relation to certain foreign currencies. This differential has been most marked in Western Europe and Japan. The impact of the change in exchange rates was calculated by determining the percentage increases in exchange ratios as of 20 Aug. 1973 and applying these percentages to the foreign exchange requirements needed for local purchases of goods and services by overseas Air Forces. $ 987

TOTAL $ 1,780

OPERATION & MAINTENANCE, AIR FORCE
(Dollars in Thousands)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Administration & Associated Activities	$217,104	$4,741	$212,363	-	$2,650	$2,650	$215,013

a. Petroleum Product Price Increases - Jet fuel and gasoline for aircraft, gasoline for motor vehicles and ground equipment and fuel oil for heating and power plants have all risen in price since the budget estimate was prepared. The effect of these price increases has been calculated by applying the latest fuel consumption factors to the latest estimates of flying hours and vehicle and plant operating hours to determine total fuel requirements. The fuel price schedule supplied by the Defense Supply Agency (Defense Fuel Supply Center) Bulletin No. 73-2, 25 May 1973 was then applied to the net fuel consumption requirement to determine the net cost increase . $1,784

b. Currency Revaluation - The budget estimate was submitted using foreign exchange rates in effect on 1 October 1972. Since that time the value of the dollar has declined in relation to certain foreign currencies. This differential has been most marked in Western Europe and Japan. The impact of the change in exchange rates was calculated by determining the percentage increases in exchange ratios as of 20 Aug. 1973 and applying these percentages to the foreign exchange requirements needed for local purchases of goods and services by overseas Air Forces . $ 561

c. Deferred Maintenance of Audio-visual Equipment - Corrosion and intensive use of delicate audio-visual equipment in SEA has caused the equipment to deteriorate. Funds are required for restoration and rehabilitation of photographic processing, sound and audio-visual equipment for reuse in the CONUS. $ 305

TOTAL $2,650

OPERATION & MAINTENANCE, AIR FORCE
(Dollars in Thousand)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Support of Other Nations	$351,989	$22	$351,967	$-76,400	$11,166	$-65,234	$286,733

	Amount
a. Revised Military Assistance Service Funded (MASF) Program. Reduced MASF requirements result from the cease fire situation which currently exists in Vietnam and Laos. Estimates are based on the revised OSD assumptions which were transmitted to the Chairmen of the House and Senate Armed Services and Appropriations Committees by the Secretary of Defense on 15 and 25 June 1973. The effect of these assumptions is to provide the necessary level of military assistance to the VNAF and RLAF to enable them to provide for internal security and to forestall further aggression.	$-76,400
b. Petroleum Product Price Increases. Jet fuel and gasoline for aircraft, gasoline for motor vehicles and ground equipment and fuel oil for heating and power plants have all risen in price since the budget estimate was prepared. The effect of these price increases has been calculated by applying the latest fuel consumption factors to the latest estimates of flying hours and vehicle and plant operating hours to determine total fuel requirements. The fuel price schedule supplied by the Defense Supply Agency (Defense Fuel Supply Center) Bulletin No. 73-2, 25 May 1973 was then applied to the net fuel consumption requirement to determine the net cost increase.	$+ 8,373
c. Airlift Service Industrial Fund (ASIF) Tariff Increase. The ASIF has increased its tariff charges to customers because of the increased cost of aviation fuel. This tariff rate increase is applicable to second destination transportation and is paid from the Operation and Maintenance appropriation.	$+ 2,793
TOTAL	$-65,234

DEPARTMENT OF DEFENSE - MILITARY

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-10-3740-0-1-051	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
PROGRAM BY ACTIVITIES:					
DIRECT PROGRAM:					
1. MISSION FORCES	$150,527	2,000		2,000	$152,527
2. DEPOT MAINTENANCE	34,576				34,576
3. OTHER SUPPORT	40,497				40,497
TOTAL DIRECT PROGRAM	225,600	2,000		2,000	227,600
REIMBURSABLE (TOTAL)	1,300				1,300
10 TOTAL OBLIGATIONS	226,900	2,000		2,000	228,900
FINANCING:					
RECEIPTS AND REIMBURSEMENTS FROM:					
11 FEDERAL FUNDS	-1,250				-1,250
14 NON-FEDERAL SOURCES	-50				-50
BUDGET AUTHORITY	225,600	2,000		2,000	227,600
BUDGET AUTHORITY:					
40 APPROPRIATION	225,600	2,000		2,000	227,600
RELATION OF OBLIGATIONS TO OUTLAYS:					
71 OBLIGATIONS INCURRED, NET	225,600	2,000		2,000	227,600
72 OBLIGATED BALANCE, START OF YEAR	18,150				18,150
74 OBLIGATED BALANCE, END OF YEAR	-23,750		-160	-160	-23,910
90 OUTLAYS, EXCLUDING PAY RAISE SUPPLEMENTAL	219,950	1,840		1,840	221,790
91.10 OUTLAYS FROM WAGE-BOARD PAY RAISE SUPPLEMENTAL	50				50

DEPARTMENT OF DEFENSE - MILITARY

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-10-3740-0-1-051	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
PERSONNEL COMPENSATION:					
11.1 PERMANENT POSITIONS	$123,002				$123,002
11.3 POSITIONS OTHER THAN PERMANENT	406				406
11.5 OTHER PERSONNEL COMPENSATION	2,118				2,118
TOTAL PERSONNEL COMPENSATION	125,526				125,526
DIRECT OBLIGATIONS:					
PERSONNEL COMPENSATION	125,026				125,026
12.1 PERSONNEL BENEFITS, CIVILIAN	11,881				11,881
21.0 TRAVEL AND TRANSPORTATION OF PERSONS	2,357				2,357
22.0 TRANSPORTATION OF THINGS	644				644
23.0 RENT, COMMUNICATIONS, AND UTILITIES	2,127				2,127
24.0 PRINTING AND REPRODUCTION	172				172
25.0 OTHER SERVICES	57,345				57,345
26.0 SUPPLIES AND MATERIALS	23,793		2,000	2,000	25,793
31.0 EQUIPMENT	2,255				2,255
TOTAL DIRECT OBLIGATIONS	225,600		2,000	2,000	227,600
REIMBURSABLE OBLIGATIONS:					
PERSONNEL COMPENSATION	500				500
12.1 PERSONNEL BENEFITS, CIVILIAN	50				50
23.0 RENT, COMMUNICATIONS, AND UTILITIES	560				560
25.0 OTHER SERVICES	70				70
26.0 SUPPLIES AND MATERIALS	120				120
TOTAL REIMBURSABLE OBLIGATIONS	1,300				1,300
99.0 TOTAL OBLIGATIONS	226,900		2,000	2,000	228,900

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Mission Forces	$153,122	$2,595	$150,527		$ 2,000	$ 2,000	$152,527

Proposed amendment to request is needed to fund FY 1974 increased aviation fuel costs, estimated to impact the President's Budget by $4,079,000, of which $2,079,000 has been absorbed through flying hour reductions.

DEPARTMENT OF DEFENSE - MILITARY

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-10-3840-0-1-051	FY 1974 Request Pending	FY 1974 Proposed Amendment BASE	OTHER	TOTAL	FY 1974 Revised Request
PROGRAM BY ACTIVITIES:					
DIRECT PROGRAM:					
1. OPERATION OF AIRCRAFT	45,427		+ 10,500	+ 10,500	55,927
2. LOGISTICAL SUPPORT	88,906		-0-	-0-	88,906
3. TRAINING SUPPORT	380,750		- 4,400	- 4,400	376,350
4. MEDICAL SUPPORT	730		-0-	-0-	730
5. SERVICEWIDE SUPPORT	2,587		-0-	-0-	2,587
TOTAL DIRECT PROGRAM	518,400		+ 6,100	+ 6,100	524,500
REIMBURSABLE (TOTAL)	9,800				9,800
10 TOTAL OBLIGATIONS	528,200		+ 6,100	+ 6,100	534,300
FINANCING:					
RECEIPTS AND REIMBURSEMENTS FROM:					
11 FEDERAL FUNDS	- 9,700				- 9,700
14 NON-FEDERAL SOURCES	- 100				- 100
25 UNOBLIGATED BALANCE LAPSING					
BUDGET AUTHORITY	518,400				524,500
BUDGET AUTHORITY:					
40 APPROPRIATION	518,400				524,500
44.10 PROPOSED SUPPLEMENTAL FOR WAGE-BOARD PAY RAISES					
44.95 JAN 1973 PAY INCREASE SUPPLEMENTAL/AMENDMENT					

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD
PERSONNEL SUMMARY

	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Total number of permanent positions	23,158		- 48	- 48	23,110
Full-time equivalent of other positions					
Average number of all employees	22,891		-184	-184	22,707
Average GS grade	7.5				7.5
Average GS salary	$11,882				$11,882
Average salary of ungraded positions	$11,572				$11,572

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
P410 OPERATION OF AIRCRAFT	$45,427	--	$45,427		$10,500	$10,500	$55,927

Increase in request is required due to a 35% increase in the cost of jet fuel and gasoline for aircraft since submission of the budget request. The remaining portion of the increase will be absorbed within current requested funding.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
P440 TRAINING SUPPORT	$387,941	$7,191	$380,750		$- 4,400	$- 4,400	$376,350

Program adjustments resulting from base transfer actions have reduced requirements. This reduction is the net result of a delay in the transfer of Otis Air Force Base, and cancellation of the transfer of Ramey Air Force Base, offset by the unprogrammed transfer of Forbes Air Force Base, to the Air National Guard.

DEPARTMENT OF DEFENSE - MILITARY

MISSILE PROCUREMENT, ARMY

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	IDENTIFICATION CODE 07-15-2032-0-1-051	Budget Plan			Obligations		
		FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
	PROGRAM BY ACTIVITIES:						
	DIRECT:						
	1. ANTI-BALLISTIC MISSILE SYSTEM	185,000	-25,700	159,300	201,582	-23,130	178,452
	2. OTHER MISSILES	369,200	- 4,700	364,500	364,324	- 4,230	360,094
	3. MODIFICATION OF MISSILES	10,400		10,400	12,442		12,442
	4. SPARES AND REPAIR PARTS	17,000		17,000	19,498		19,498
	5. SUPPORT EQUIPMENT AND FACILITIES	18,300		18,300	18,883		18,883
	TOTAL DIRECT	599,900	-30,400	569,500	616,729	-27,360	589,369
	REIMBURSABLE (TOTAL)	120,500		120,500	146,271		146,271
10	TOTAL	720,400	-30,400	690,000	763,000	-27,360	735,640
	FINANCING:						
	RECEIPTS AND REIMBURSEMENTS FROM:						
11	FEDERAL FUNDS	-85,000		-85,000	-85,000		-85,000
13	TRUST FUNDS	-35,500		-35,500	-35,500		-35,500
21	UNOBLIGATED BALANCE AVAILABLE, START OF YEAR						
	FOR COMPLETION OF PRIOR YEAR BUDGET PLANS				-142,058		-142,058
	AVAILABLE TO FINANCE NEW BUDGET PLANS	- 2,500		- 2,500	- 2,500		- 2,500
	REPROGRAMING FROM (-) OR TO PRIOR YEAR BUDGET PLANS						
22	UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS						
23	UNOBLIGATED BALANCE TRANSFERRED TO OTHER ACCOUNTS						
24	UNOBLIGATED BALANCE AVAILABLE, END OF YEAR						
	FOR COMPLETION OF PRIOR YEAR BUDGET PLANS				99,458	- 3,040	96,418
	AVAILABLE TO FINANCE SUBSEQUENT YEAR BUDGET PLANS	2,500		2,500	2,500		2,500
	BUDGET AUTHORITY	599,900	-30,400	569,500	599,900	-30,400	569,500

MISSILE PROCUREMENT, ARMY
(In Thousands of Dollars)

Budget Activity	Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Activity 1 - Anti-Ballistic Missile System (SAFEGUARD)	$185,000	$ 0	$185,000		$-25,700	$-25,700	$159,300

The FY 1974 revised request reduces the initial request for SAFEGUARD as a result of the ABM Treaty and the FY 73 DOD Appropriation Act, which limited SAFEGUARD to one site at Grand Forks, North Dakota, all hardware in excess of Grand Forks requirements has been terminated. In addition, the availability of components from the residual termination inventory has reduced the requirement for spares and repair parts to support the approved deployment. Thus, a continuing review has now indicated that prior year SAFEGUARD funds can be used to reduce the FY 74 NOA requirement by $25.7M, a reduction not foreseen at time of FY 74 budget preparation and submission. (As a related action, the Army has proposed that $15.0M now available from the FY 72 SAFEGUARD Program be used to complete financing of FY 72 Missile Procurement, Army non-SAFEGUARD requirements.) This information was initially transmitted to the interested Congressional Committees by Fact Sheet dated 12 Jun 73, subj: Procurement Budget Change for SAFEGUARD (U).

(In Thousands of Dollars)

Budget Activity	Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Activity 2 - Other Missiles	$369,200	$0	$369,200		$-4,700	$-4,700	$364,500

The FY 1974 revised request reduces the initial request for LANCE Missile System by $4.7 million, from $83.7 million to $79 million. This reduction is predicated on a change to the contractual arrangements with our allies which reduces the number of warhead adaption kits required for their support.

EXHIBIT P-1

DEPARTMENT OF THE ARMY

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

SUMMARY
($ in millions)

24 January 1973

Appropriation: Missile Procurement, Army

Activity	FY 72	FY 73	FY 74
1. Anti-Ballistic Missile System	612.5	285.4	159.3 ~~185.0~~
2. Other Missiles	285.4	326.5	364.5 ~~369.2~~
3. Modification of Missiles	43.3	27.7	10.4
4. Spares and Repair Parts	48.7	40.3	17.0
5. Support Equipment and Facilities	43.4	19.6	18.3
TOTAL	1033.3	699.5	~~599.9~~ 569.5

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

Exhibit P-1
Date: 24 January 1973

Appropriation: Missile Procurement, Army

Activity:

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	(Millions of Dollars) FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
	BUDGET ACTIVITY 1: ANTI-BALLISTIC MISSILE SYSTEM (SAFEGUARD)									
1	SPARTAN	B		[Deleted]	169.9		69.6		[Deleted]	
2	SPRINT	B			(190.0)		76.6			
	(Less: Advance Procurement in Prior Years)				(-16.9)					
3	SPRINT Advance Procurement Current Year				173.1					
4	Ground Equipment				6.1					
5	Production Base Support				263.0		138.5		[D]	
6	First Destination Transportation				.4		.2		2.3	
	TOTAL BUDGET ACTIVITY 1				.5		.5		.6	
					612.5		285.4		[Deleted]	159.3
	BUDGET ACTIVITY 2: OTHER MISSILES									
7	CHAPARRAL (MIM-72-A)	A			.2					
8	DRAGON (XFGM-77A, XFTM-77A)	B			15.3		56.3		68.5	
9	HAWK (MIM-23-B)	A	[Deleted]	[Deleted]	89.5	[Deleted]	106.0	[Deleted]	104.8	
10	HONEST JOHN	A			.6		.9		.5	
11	LANCE (MGM-52C)	A			81.1		92.6		[D]	79.0
12	PERSHING (MGM-31A)	A			43.7		28.0		53.8	
13	TOW (BGM-71A, BTM-71A)	A			55.0		42.5		57.9	
	TOTAL BUDGET ACTIVITY 2				285.4		326.5		[Deleted]	364.5
	BUDGET ACTIVITY 3: MODIFICATION OF MISSILES									
14	AD Control & Coordination Systems				1.5		2.9			
15	CHAPARRAL				15.1		1.3			
16	Forward Area Alerting Radar (FAAR)						1.6			
17	HAWK				.5		.5		.7	
18	LANCE				1.0					
19	Land Combat Support System (LCSS)				1.5		1.3			
20	NIKE HERCULES				5.0		1.8		1.3	
21	PERSHING				18.3		18.3		8.4	
22	SERGEANT				.4					
	TOTAL BUDGET ACTIVITY 3				43.3		27.7		10.4	

(D) = Deleted

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

Exhibit P-1

Date: 24 January 1973

Appropriation: Missile Procurement, Army

Activity:

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	(Millions of Dollars) FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	BUDGET ACTIVITY 4: SPARES AND REPAIR PARTS								
23	Spares and Repair Parts - SAFEGUARD - Initial				26.3		14.6		
24	Spares and Repair Parts - All Other				22.2		25.7		17.0
	TOTAL BUDGET ACTIVITY 4				48.7		40.3		17.0
	BUDGET ACTIVITY 5: SUPPORT EQUIPMENT AND FACILITIES								
25	Air Defense Command and Control System, AN/TSQ-73	B	[D]				1.9	[D]	10.5
26	Air Defense Moving Target Simulator	A	350.0	8	2.8				
27	Air Defense Targets	A			1.1		4.7		4.7
28	Forward Area Alerting Radar (FAAR)	B		[D]	28.0		.9		
29	Interrogator Set AN/TPX-46	B	[D]	88	5.9	[D	2.7		
30	Interrogator Set AN/TPX-50	A	[D]			[D]	2.0		
31	Land Combat Support System (LCSS)	A			2.0		4.0		
32	Items Less Than $500,000				1.1		.4		.2
33	First Destination Transportation				.8		.8		1.0
34	Production Base Support (except SAFEGUARD)				1.7		2.2		1.9
	TOTAL BUDGET ACTIVITY 5				43.4		19.6		18.3
	TOTAL MISSILE PROCUREMENT, ARMY				1033.3		699.5		~~595.9~~ 569.5

(D) = Deleted

DEPARTMENT OF DEFENSE - MILITARY

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-15-2033-0-1-051	Budget Plan			Obligations		
	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
PROGRAM BY ACTIVITIES:						
DIRECT:						
1. TRACKED COMBAT VEHICLES	201,700	- 8,400	193,300	202,030	- 7,630	194,400
2. WEAPONS AND OTHER COMBAT VEHICLES	51,300	- 6,600	44,700	48,370	- 5,970	42,400
TOTAL DIRECT	253,000	-15,000	238,000	250,400	-13,600	236.800
REIMBURSABLE (TOTAL)	115,000		115,000	126,600		126,600
10 TOTAL	368,000	-15,000	353,000	377,000	-13,600	363,400
FINANCING:						
RECEIPTS AND REIMBURSEMENTS FROM:						
11 FEDERAL FUNDS	-75,000		-75,000	-75,000		-75,000
13 TRUST FUNDS	-40,000		-40,000	-40,000		-40,000
21 UNOBLIGATED BALANCE AVAILABLE, START OF YEAR						
FOR COMPLETION OF PRIOR YEAR BUDGET PLANS						
AVAILABLE TO FINANCE NEW BUDGET PLANS				-90,540		-90,540
REPROGRAMING FROM (-) OR TO PRIOR YEAR BUDGET PLANS						
22 UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS						
23 UNOBLIGATED BALANCE TRANSFERRED TO OTHER ACCOUNTS						
24 UNOBLIGATED BALANCE AVAILABLE, END OF YEAR						
FOR COMPLETION OF PRIOR YEAR BUDGET PLANS						
AVAILABLE TO FINANCE SUBSEQUENT YEAR BUDGET PLANS				81,540	- 1,400	80,140
BUDGET AUTHORITY	253,000	-15,000	238,000	253,000	-15,000	238,000

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

(In Thousands of Dollars)

Budget Activity	Justification Book	Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Activity 1 - Tracked Combat Vehicles	$201,700	$ 0	$201,700		$-8,400	$-8,400	$193,300

The FY 1974 revised request affects the M60A1 Tank program, reducing the original total request for the procurement of new M60A1 tanks and Advance Procurement in support of tanks to be procured in FY 1975 by $8.4M. In March 1973 technical problems encountered in the reliability and performance of fire control improvements caused a halt in development testing of the M60A3 tank, 180 of which were to be procured as part of the FY 1975 procurement program. Correction of these problems has caused a six month delay in the M60A3 program and precludes procurement of M60A3 tanks in FY 1975. As a result, Advance Procurement of M60A3 peculiar long lead time components is not required. The former request for $26.6M for Advance Procurement, Tank, Combat,Full Tracked, 105mm Gun, M60A1 has been reduced to $13.3M. These required $13.3M will be used to procure the 105mm gun, gun mount, fire control equipment, transmissions, engines and special tooling to support a planned FY 1975 procurement of M60A1 tanks. In order to meet increased contractor engineering support requirements and price escalation related to the vehicle, engine and transmission components, $4.9M of the $13.3M reduction in Advance Procurement has been added to the previous request for the procurement of the Tank, Combat, Full Tracked, 105mm Gun, M60A1, increasing the amount requested from $99.4M to $104.3M.

(In Thousands of Dollars)

Budget Activity	Justification Book	Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Activity 2 - Weapons and Other Combat Vehicles	$51,300	$0	$51,300		$-6,600	$-6,600	$44,700

The FY 1974 revised request reduces the former request by $6.6M for this activity. This reduction relates to:

Howitzer, Medium, Towed, 155mm, XM198. The request for $3.5M for the procurement of inspection gages and hand tooling to support full scale production of the XM198 Howitzer is withdrawn due to unanticipated program slippage.

Rifle, 5.56mm, M16A1. The request for $3.1 million to procure M16A1 rifles is withdrawn, in view of a comparison of assets with the requirements as known at the time of FY 74 Budget submission.

EXHIBIT P-1

DEPARTMENT OF THE ARMY

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

SUMMARY
($ in millions)

24 January 1973

Appropriation: Procurement of Weapons and Tracked Combat Vehicles, Army

Activity	FY 72	FY 73	FY 74
1. Tracked Combat Vehicles	107.5	200.8	~~201.7~~ 193.3
2. Weapons and Other Combat Vehicles	42.3	42.0	~~51.3~~ 44.7
TOTAL	149.8	242.8	~~253.0~~ 238.0

Exhibit P-1

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

Date: 24 January 1973

Appropriation: Procurement of Weapons and Tracked Combat Vehicles, Army Activity: 1 - Tracked Combat Vehicles

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	(Millions of Dollars) FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
	TRACKED COMBAT VEHICLES									
1	Chassis, Transporter, Bridge Launcher, AVLB	A	155.0	60	9.3					
2	Recovery Vehicle, Light, FT, M578	A	160.0					90	14.4	
3	Tank, Combat, FT, 105mm Gun, M60A1 (Less: Advance Procurement Prior Years)	A	295.4	90	(30.1)	166	(50.8)	360	(106.3)	(111.2
					(-1.0)		(-1.9)		(-5.7)	(- 6.9
					29.1		48.9		99.6	104.3
4	Tank, Combat, FT, 105mm Gun, M60A1 Advanced Procurement, Current Year				1.9		6.9		26.0	13.3
5	Trainer, Turret f/M60A1(PI) Tank, M30A1	B	155.9					34	5.3	
	SUB-TOTAL Tracked Combat Vehicles				40.3		55.8		145.9	137.3
	MODIFICATION OF TRACKED COMBAT VEHICLES									
6	Armored Recon Airborne Assault Vehicle, FT, 152mm Gun, M551 (GENERAL SHERIDAN)				4.5					
7	Belly Armor Kits for M113A1 APC Family				.8					
8	Bulldozer Kits for M113A1 APC Family				.8					
9	Special Lighting Kits f/Tracked Combat Vehicles								1.7	
10	Howitzer, Heavy, SP, FT, 8 inch M110E2								6.6	
11	Howitzer, Med, Armored, SP, FT, 155mm, M109A1				9.0		12.4		6.1	
12	Rangefinder, (LASER) f/M551 SHERIDAN				1.4		10.5		11.3	
13	Recovery Vehicle, Medium, FT, M88								3.0	
14	Tank, Combat, FT, 105mm Gun, M60 Series				8.9		9.8		13.8	
15	Tank, Combat, Full Tkd, 152mm Gun, M60A2				35.9		102.5			
16	Modifications Under $500,000				1.0		1.5		.3	
	SUB-TOTAL Mod of Tracked Combat Vehicles				62.3		136.7		42.8	
	SUPPORT EQUIPMENT AND FACILITIES									
17	Items Less Than $500,000				.6		.6		1.0	
18	Spares and Repair Parts						2.6		3.3	
19	First Destination Transportation				2.4		2.0		3.7	

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

Exhibit P-1
Date: 24 January 1973

Appropriation: Procurement of Weapons and Tracked Combat Vehicles, Army
Activity: 1 - Tracked Combat Vehicles

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	(Millions of Dollars) FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	SUPPORT EQUIPMENT AND FACILITIES (Cont'd)								
20	Production Base Support				1.9		3.1		5.2
	SUB-TOTAL Support Equipment and Facilities				4.9		8.3		13.2
	TOTAL BUDGET ACTIVITY 1				107.5		200.8		~~207.7~~ 193.3

Exhibit P-1

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

Date: 24 January 1973

Appropriation: Procurement of Weapons and Tracked Combat Vehicles, Army

Activity: 2 - Weapons and Other Combat Vehicles

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	(Millions of Dollars) FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	WEAPONS AND OTHER COMBAT VEHICLES								0
21	Howitzer, Medium, Towed, 155mm, XM198 (Advance Procurement)	B							3.5
22	Launcher, Grenade, 40mm, M203 f/M16A1	A	.075	20,000	1.4	33,396	2.5		
23	Launcher, Incendiary, Rocket, 66mm, M202A1	A	.6					2,500	1.5
24	Machine Gun, 7.62mm, M60	A	.750	7,500	5.1			6,000	4.5
25	Machine Gun, 7.62mm, M219/M73	A	4.53					1,875	8.5
26	Rangefinder, Fire Control, W/E (LASER) AN/GVS-3	A	6.3	480	3.4	1,020	6.4		0
27	Rifle, 5.56mm, M16A1	A	.1			37,533	3.6	31,000	~~3.1~~
28	Target Selector Group, Fire Control, XM10 (VULCAN)	B	63.0			60	3.8		
	SUB-TOTAL Weapons and Other Combat Vehicles				9.9		16.3		~~25.7~~ 14.5
	MODIFICATION OF WEAPONS AND OTHER COMBAT VEHICLES								
29	Gun, AD, 20mm, M163/M167 (VULCAN)						1.8		.6
30	Howitzer, Light, Towed, 105mm, M102								1.8
31	Machine Gun, 7.62mm, M219								.8
32	Rifle, M16A1, Promethium Sight						.6		.2
33	Modifications Under $500,000				1.4		1.5		.2
	SUB-TOTAL Mod of Weapons & Other Combat Vehicles				1.4		3.9		3.6
	SUPPORT EQUIPMENT AND FACILITIES								
34	Items Less Than $500,000				1.0		.8		1.5
35	Spares and Repair Parts				9.3		8.6		4.1
36	First Destination Transportation				.2		.4		.8
37	Production Base Support				20.5		12.0		20.2
	SUB-TOTAL Support Equipment and Facilities				31.0		21.8		26.6
	TOTAL BUDGET ACTIVITY 2				42.3		42.0		~~51.3~~ 44.7
	TOTAL PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY				149.8		242.8		~~299.8~~ 238.0

DEPARTMENT OF DEFENSE - MILITARY

PROCUREMENT OF AMMUNITION, ARMY

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-15-2034-0-1-051	Budget Plan			Obligations		
	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
PROGRAM BY ACTIVITIES:						
DIRECT:						
1. AMMUNITION	960,400	-111,300	849,100	957,892	-101,210	856,682
2. AMMUNITION PRODUCTION BASE SUPPORT	289,800		289,800	302,693		302,693
TOTAL DIRECT	1,250,200	-111,300	1,138,900	1,260,585	-101,210	1,159,375
REIMBURSABLE (TOTAL)	545,000		545,000	547,415		547,415
10 TOTAL	1,795,200	-111,300	1,683,900	1,808,000	-101,210	1,706,790
FINANCING:						
RECEIPTS AND REIMBURSEMENTS FROM:						
11 FEDERAL FUNDS	-441,900		-441,900	-441,900		-441,900
13 TRUST FUNDS	-103,100		-103,100	-103,100		-103,100
21 UNOBLIGATED BALANCE AVAILABLE, START OF YEAR FOR COMPLETION OF PRIOR YEAR BUDGET PLANS				-145,008		-145,008
REPROGRAMING FROM (-) OR TO PRIOR YEAR BUDGET PLANS						
22 UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS						
23 UNOBLIGATED BALANCE TRANSFERRED TO OTHER ACCOUNTS						
24 UNOBLIGATED BALANCE AVAILABLE, END OF YEAR FOR COMPLETION OF PRIOR YEAR BUDGET PLANS				132,208	-10,090	122,118
BUDGET AUTHORITY	1,250,200	-111,300	1,138,900	1,250,200	-111,300	1,138,900

PROCUREMENT OF AMMUNITION, ARMY
(In Thousands of Dollars)

Budget Activity	Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Activity 1 - Ammunition	$960,400	$0	$960,400	$-111,300		$-111,300	$849,100

The FY 1974 revised request reduces the original request by $111.3M. This is a net adjustment resulting from an overall revision of the ammunition program subsequent to the submission of the President's Budget in January 1973. The Military Assistance Service Funded (MASF) Program of $372.1 million was reeuced $299.1 million to a revised program of $73.0 million. $187.8 million of the MASF Program reduction was reapplied for the procurement of war reserve munitions essential to the readiness posture of US Forces.

EXHIBIT P-1

DEPARTMENT OF THE ARMY

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

SUMMARY
($ in millions)

24 January 1973

Appropriation: Procurement of Ammunition, Army

	Activity	FY 72	FY 73	FY 74
1.	Ammunition	1481.7	1115.6	849.1 ~~960.4~~
2.	Ammunition Production Base Support	236.6	203.2	289.8
	TOTAL	1718.3	1318.8	~~1250.2~~ 1138.9

Exhibit P-1

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

Date: 24 January 197~

Appropriation: Procurement of Ammunition, Army

Activity: 1- Ammunition

Line No.	Item Nomenclature	Ident Code	FY 74 Unit Cost	(Millions of Dollars) FY 72 Qty	FY 72 Cost	FY 73 KQty	FY 73 Cost	FY 74 KQty	FY 74 Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	BUDGET ACTIVITY 1: AMMUNITION								
	ATOMIC MATERIEL								
1	Nuclear Weapons Support Materiel	NA			4.6		2.6		4.9
	SUB-TOTAL ATOMIC MATERIEL				4.6		2.6		4.9
	CHEMICAL - NON-LETHAL								
2	Grenade, Hand, Riot CS XM47	B	17.14	70	1.2				
	SUB-TOTAL CHEMICAL NON-LETHAL				1.2				
	CONTROLLED ITEMS							493.0	36.1
3	Cartridge, 5.56mm, All Types Except Blank (M)	A	.073	1803.0	89.9	1884.2	86.3	~~1681.3~~	~~80.7~~
4	Cartridge, 7.62mm, All Types Except Blank (Remfg) (M)	A	.658	4.5	.5			19.6	12.9
5	Cartridge, Cal .30 All Types (Remfg) (M)	A	.087	128.1	11.2				4.2
6	Cartridge, Cal .30, Carbine Ball (M)	A	.045	220.0	9.9				
7	Cartridge, Cal .50, 4 Ball-1 Tracer (M)	A	1.375	1.6	2.2				
8	Cartridge, 20mm, All Types (Vulcan/Cobra) (Remfg)	A	1.08	4764	7.1	3056	3.3		1.2
9	Cartridge, 40mm, HELF, High Velocity Launched	A	2.80	5482	15.4				
10	Cartridge, 40mm, HEDP, Low Velocity Launched	A	3.19	13100	25.6	10330	29.1	10189	32.5
11	Cartridge, 60mm, HE, w/Fuze	A	7.70	8641	67.4	8053	64.1	2196	16.9
12	Cartridge, 60mm, Illum, w/Fuze	A	10.53	1523	17.3	1747	18.7	19	.2
13	Cartridge, 60mm, Smoke, WP, W/Fuze	A	18.00	189	2.9	150	2.7		
14	Rocket, 66mm, HEAT	A	47.20	280	14.3	655	32.9	395	18.6
15	Cartridge, 81mm, HE, w/wo Fuze	A	17.41	4500	86.7	5129	100.9	1109	19.3
16	Cartridge, 81mm, Illum, W/Fuze	A	21.85	882	19.9	1079	23.5	174	3.8
17	Cartridge, 81mm, Smoke, WP, W/Fuze	A	23.56	300	7.2	399	9.4		
18	Cartridge, 4.2", HE, w/wo Fuze	A	26.14			418	12.4	983	25.7
19	Cartridge, 4.2", Illum, w/Fuze	A	53.45	50	2.7	180	9.9	174	8.3
20	Cartridge, 105mm, HE, wo/Fuze f/105 How	A	19.85	19783	386.0	13741	270.3	6102	121.1
21	Cartridge, 105mm, Illum, w/Fuze f/105 How	A	48.43	425	21.7	505	21.5	223	10.8
22	Cartridge, 105mm, APERS, w/Fuze f/105 How	B	191.67					24	4.6
23	Cartridge, 105mm, Smoke, WP, f/105 How	A	35.31	585	18.2	291	10.3	607	21.4
24	Cartridge, 105mm, HEAT-T, f/Tank Gun	A	78.57	193	13.1			84	6.6

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

Exhibit P-1

Date: 24 January 1973

Appropriation: Procurement of Ammunition, Army

Activity: 1 - Ammunition

Line No.	Item Nomenclature	Ident Code	FY 74 Unit Cost	(Millions of Dollars) FY 72 K Qty	FY 72 Cost	FY 73 KQty	FY 73 Cost	FY 74 K Qty	FY 74 Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
25	Cartridge, 105mm, HEP-T, w/Fuze f/Tank Gun	A	60.83	89	5.8	207	12.6	120	7.3
26	Cartridge, 105mm, APDS, f/Tank Gun	A	202.08	36	5.3	18	3.8	48	9.7
27	Cartridge, 105mm, TP-T, f/Tank Gun	A	48.71	485	23.3			271	13.2
28	Cartridge, 152mm, HEAT-MP-T w/Fuze	A	191.53	80	15.0				
29	Projectile, 155mm, HE	A	31.82	3719	114.2	2014	62.3	2326	71.0
30	Projectile, 155mm, Illum	A	70.28	169	12.7	183	12.6	212	14.9
31	Projectile, 155mm, HE (ICM) (DF)	A	232.39			36	9.8	142	33.0
32	Charge, Propelling, 155mm, Green Bag	A	11.75	639	8.4	380	4.6	2103	24.7
33	Charge, Propelling, 155mm, White Bag	A	19.00	2636	52.0	1848	34.7	2084	39.6
34	Projectile, 175mm, HE, wo/Fuze	A	77.00	300	23.1				
35	Charge, Propelling, 175mm	A	91.23	287	24.9	110	10.1		
36	Projectile, 8 Inch, HE	A	56.25	225	12.6	179	10.1	144	8.1
37	Charge, Propelling, 8 Inch, White Bag	A	34.94			54	1.9	281	9.8
38	Fuze, MTSQ, f/Artillery	A	17.08	650	11.1	251	4.3		
39	Fuze, Proximity f/Artillery and 4.2" Mortar	B	62.08					480	29.8
40	Fuze, PD, f/Artillery and 4.2" Mortar	A	5.89	21650	105.3	10331	56.1	9679	57.0
41	Fuze, MT, f/Artillery and 4.2" Mortar	A	28.55	426	8.7	300	9.9	550	15.7
42	Rocket, 2.75 Inch, LSFFAR (All Types)	A	22.22	1120	42.5			72	1.6
43	Grenade, Hand, Fragmentation, All Types	A	1.66	10344	15.9	7865	13.6	604	1.0
44	Grenade, Hand, Colored, Smoke	A	2.52	2259	8.1	1032	4.6	1070	2.7
45	Grenade, Hand, Offensive, w/Fuze	A	1.52	2627	4.2			527	.8
46	Flare, Surface, Trip	A	2.39	1743	4.5	1676	4.0	0	0
47	Mine, AP, Directional	A	16.09	765	11.2	1197	19.3	1603	25.8
48	Signal, Illum, Gnd, WS, Para	A	6.74	1000	6.0	276	2.0	356	2.4
	SUB-TOTAL CONTROLLED ITEMS				1334.0		971.6		716.3
	OTHER AMMUNITION								
49	Cartridge, 5.56mm, Blank (M)	A	.031	294.0	6.5	81.0	2.7	105.0	3.3
50	Cartridge, 7.62mm MATCH (M)	A	.094	12.7	1.2				
51	Cartridge, 7.62mm Blank	A	.092		1.9			13.0	1.2
52	Cartridge, Cal .45 Ball (M)	A	.049	43.0	2.2	22.7	1.1	22.3	1.1
53	Cartridge, 20mm, TP-T, HE	A	5.06	185	.9	144	.9	672	3.4
54	Cartridge, 40mm, Practice Low Velocity	A	1.89	2863	5.0	1662	3.0	1112	2.1

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

Exhibit P-1

Date: 24 January 1973

Appropriation: Procurement of Ammunition, Army

Activity: 1 - Ammunition

Line No.	Item Nomenclature	Ident Code	FY 74 Unit Cost	(Millions of Dollars) FY 72 K Qty	FY 72 Cost	FY 73 K Qty	FY 73 Cost	FY 74 K Qty	FY 74 Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
55	Cartridge, 40mm, HEI-T-SD	A	10.00			500	5.0		
56	Cartridge, 40mm, White Star, Parachute	A	2.22	640	2.4	381	1.9	360	.8
57	Cartridge, Cal .50 4 AP-1 Tr (Remfg) (M)	A	.080	7.5	.6		.3		
58	Cartridge, 57mm, Canister	B	33.93	26	1.0	56	1.9		
59	Cartridge, 57mm, HE, w/Fuze	A	15.56	536	9.1	315	4.9		
60	Cartridge, 57mm, WP	A	28.57	28	.8				
61	Cartridge, 76mm, HEAT	A	90.47	21	1.9	21	1.9		
62	Rocket, Practice, 3.5" (Remfg)	A	8.77	114	1.0				
63	Cartridge, 105mm, HEP-TP	A	41.00					100	4.1
64	Cartridge, 105mm, HE-TP	B	84.31			23	1.9	102	8.6
65	Cartridge, 105mm, APERS-T f/Tank Gun	A	283.33					24	6.8
66	Cartridge, 152mm, Practice, TP-T	A	85.83	133	8.3	88	6.7	120	10.3
67	Projectile, 155mm, HE (RAP)	A	191.38	6	1.9	38	6.2	58	11.1
68	Fuze, Hand, Grenade, Practice, All Types	A	.36	3779	1.3	1650	.6		
69	Primer, Percussion, f/Towed Artillery	A	.45	4000	1.9	2000	.9		
70	Charge, Demolition, 1-1/4 Lb	A	1.26			720	.9	478	.6
71	Grenade, Hand, Smoke, HC	A	3.59	754	1.9	167	.6		
72	Simulator, Proj, Gnd, Burst	A	1.57	300	.5	300	.5	318	.5
73	Simulator, Hand Grenade	A	1.33	600	.8	600	.8	600	.8
74	Simulator, Atomic Explosive	A	350.00	2	.7	2	.7	2	.7
75	Signal, Illum, Gnd, Red Star, Parachute	A	6.67	126	.8	60	.4		
76	Rocket, Tng, Practice, 35mm	A	4.09	1400	6.6	1940	7.6	1735	7.1
77	Helicopter, Mtd Mine System XM56	B	51.41					284	14.6
78	Nitroguanidine (Lb)		.358	6700	2.4				
79	Components for Special Tests				2.0		2.0		2.0
80	Components for Renovation of Field Stock				10.8		14.7		8.0
81	Precision Parts and Sub-Assemblies						6.0		
82	Items Less Than $500,000				10.3		6.6		6.0
83	Spares and Repair Parts				.5		.2		1.0
84	First Destination Transportation				56.7		60.5		~~36.1~~ 33.8
	SUB-TOTAL OTHER AMMUNITION				141.9		141.4		~~130.2~~ 127.9
	TOTAL BUDGET ACTIVITY 1				1481.7		1115.6		~~960.4~~ 819.1

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

Exhibit P-1
Date: 24 January 1973

Appropriation: Procurement of Ammunition, Army

Activity: 2- Ammunition Production Base Support

Line No.	Item Nomenclature	Ident Code	FY 74 Unit Cost	(Millions of Dollars) FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	BUDGET ACTIVITY 2: PRODUCTION BASE SUPPORT								
85	Provision of Industrial Facilities				198.3		153.2		239.6
86	Layaway of Industrial Facilities				11.6		10.0		13.5
87	Production Engineering Measures				26.7		40.0		36.7
	TOTAL BUDGET ACTIVITY 2				236.6		203.2		289.8
	TOTAL PROCUREMENT OF AMMUNITION, ARMY				1718.3		1318.8		~~1850.2~~ 1138.9

DEPARTMENT OF DEFENSE - MILITARY

OTHER PROCUREMENT, ARMY

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	IDENTIFICATION CODE 07-15-2035-0-1-051	Budget Plan			Obligations		
		FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
	PROGRAM BY ACTIVITIES:						
	DIRECT:						
	1. TACTICAL AND SUPPORT VEHICLES	99,300		99,300	130,438		130,438
	2. COMMUNICATIONS AND ELECTRONICS EQUIPMENT	219,988	-30,900	189,088	206,926	-17,000	189,926
	3. OTHER SUPPORT EQUIPMENT	263,512		263,512	250,198		250,198
	TOTAL DIRECT	582,800	-30,900	551,900	587,562	-17,000	570,562
	REIMBURSABLE (TOTAL)	160,000		160,000	156,438		156,438
10	TOTAL	742,800	-30,900	711,900	744,000	-17,000	727,000
	FINANCING:						
	RECEIPTS AND REIMBURSEMENTS FROM:						
11	FEDERAL FUNDS	-128,000		-128,000	-128,000		-128,000
13	TRUST FUNDS	-32,000		-32,000	-32,000		-32,000
21	UNOBLIGATED BALANCE AVAILABLE, START OF YEAR FOR COMPLETION OF PRIOR YEAR BUDGET PLANS AVAILABLE TO FINANCE NEW BUDGET PLANS				-204,582		-204,582
22	UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS						
23	UNOBLIGATED BALANCE TRANSFERRED TO OTHER ACCOUNTS						
24	UNOBLIGATED BALANCE AVAILABLE, END OF YEAR FOR COMPLETION OF PRIOR YEAR BUDGET PLANS AVAILABLE TO FINANCE SUBSEQUENT YEAR BUDGET PLANS				203,382	-13,900	189,482
	BUDGET AUTHORITY	582,800	-30,900	551,900	582,800	-30,900	551,900

OTHER PROCUREMENT, ARMY
(In Thousands of Dollars)

Budget Activity	Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Activity 2 - Communications and Electronics Equipment	$219,988	$0	$219,988		$-30,900	$-30,900	$189,088

The FY 1974 revised request deletes the request for the Tactical Fire Direction System (TACFIRE) by $30.9M. During testing,hardware and software deficiencies were discovered which could not be corrected and retested to meet the mandatory production release date of 1 April 1973. As a consequence, the TACFIRE development and production programs have been reviewed and the contract restructured to provide for upgrading of the prototype system through correction of deficiencies and development of new items to enable the Army to obtain an operationally functioning system for further testing prior to making a production decision.

EXHIBIT P-1

DEPARTMENT OF THE ARMY

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

SUMMARY
($ in millions)

24 January 1973

Appropriation: Other Procurement, Army

Activity	FY 72	FY 73	FY 74
1. Tactical and Support Vehicles	202.9	212.8	99.3
2. Communications and Electronics Equipment	151.3	193.4	189.1
3. Other Support Equipment	153.0	204.8	263.5
TOTAL	507.2	611.0	~~582.8~~ 551.9

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FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

Exhibit P-1
Date: 24 January 1973

Appropriation: Other Procurement, Army

Activity: 2 - Communications & Electronics Eq

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	(Millions of Dollars) FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	OTHER ELECTRONICS SYSTEMS/EQUIPMENT (CONT'D)								
	ARMY SECURITY AGENCY (ASA) CONT'D								
120	RF Matrix System, AN/USA-18	N/A					1.3		
121	Single Station Locator System	N/A							2.0
122	/EPACOL/ System	N/A					1.1		1.7
123	Tac Airborne Electronic System	N/A							1.7
124	Target Acquisition System	N/A			/		[Deleted]		
125	Teletypewriter, AN/UGC-49 (Modified)	A	4.8	165	.8				
126	Training Position, System Maintenance	N/A							1.0
127	Items Less Than $500,000				3.7		3.2		4.6
	SUB-TOTAL ASA				/		[Deleted]		
	AUTOMATIC DATA PROCESSING EQUIPMENT (ADPE)								
128	AMC 5-Year ADP Program	N/A			10.3		26.7		
129	Combat Service Support Sys (CS_3)	B							5.3
130	Other Non-Tactical ADP	N/A			1.9				6.0
131	Tactical Fire Direction Sys (TACFIRE) AN/GSG-10	B							-0-
132	World-Wide Military Command and Control System (WWMCCS)	N/A			3.4		8.4		.4
	SUB-TOTAL ADPE				15.6		35.1		11.7
	ELECTRONIC WARFARE (EW)								
133	Countermeasures Set, AN/TLQ-15	A			[Deleted]				7
	SUB-TOTAL EW						[Deleted]		
	GENERAL DEFENSE INTELLIGENCE PROGRAM(GDIP)								
134	Intelligence Data Handling Sys (IDHS)	N/A			1.8		1.1		2.5
135	Items Less Than $500,000				.7		2.0		1.4
	SUB-TOTAL GDIP				2.5		3.1		3.9
	SPECIAL PROJECTS/EQUIPMENT								
136	Audio Visual Systems/Equipment	N/A			1.9		6.5		6.4
137	DCPG Projects	N/A			7.4				
138	Radiation Trainer, AN/TDQ-T1	B	16.2			93	1.5		
139	SEA Operational Sensor Systems (SEAOPSS)	N/A					6.0		
140	Sensors and Related Equipment	N/A							1.6
	SUB-TOTAL SPECIAL PROJ/EQUIP				9.3		14.0		8.0

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

Exhibit P-1

Date: 24 January 1973

Appropriation: Other Procurement, Army

Activity: 2 - Communications & Electronics Eq

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	(Millions of Dollars) FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
	OTHER ELECTRONICS SYSTEMS/EQUIPMENT (CONT'D)									
	TACTICAL ELECTRONICS									
141	Atmospheric Meteorological Probe, AN/AMQ-23 (Adv Proc)						.4			
142	Automatic Atmospheric Sounding Set, AN/TMQ-19 (Adv Proc)						1.6			
143	Camera Set, Still Photo, KS-99 ( )	B	.7					2500	1.8	
144	Maintenance Kit, Electronics, MK-673/MPQ-4A	A	50.0	4	.2					
145	Night Vision Sight, Individual, AN/PVS-4	B	3.4					2500	8.5	
146	Night Vision Sight, Crew Swd Wpn, AN/TVS-5	B	3.6					1000	3.6	
147	Public Address Set, AN/UIK-6	B	4.6					200	.9	
148	Radar Chronograph, M-36	A	22.8			70	1.6			
149	Radar Set, AN/PPS-5A	A	14.2	315	4.5					
150	Radar Set, AN/PPS-15 (Adv Proc)						.5			
151	Searchlight, Xenon, 1KW, AN/VSS-3( )	A	2.5					300	.8	
	SUB-TOTAL TACTICAL ELECTRONICS				4.7		4.1		15.6	
	MODIFICATION OF OTHER ELECTRONICS SYSTEMS/ EQUIPMENT									
152	Night Observation Device, AN/TVS-4								1.2	
153	Solid State Local Oscillator for Radar Set, AN/PPS-5						.6		.1	
154	Tactical Imagery Interpretation Facility, AN/TSQ-43 (TIIF)/BR-22								2.0	
155	Modifications Under $500,000				.6		.2		.4	
	SUB-TOTAL MODS OF OTHER ELECT SYS/EQUIP				.6		.8		3.7	
	SUPPORT EQUIPMENT AND FACILITIES									
156	Items Less Than $500,000				2.5		4.1		3.6	
157	Production Base Support (PBS)				6.1		3.4		5.7	
158	Spares and Repair Parts				3.9		6.9		5.4	3.2
159	First Destination Transportation				.6		1.4		3.1	2.8
	SUB-TOTAL SUPPORT EQUIPMENT & FACILITIES				13.1		15.8		27.8	15.3
	TOTAL OTHER ELECTRONICS SYSTEMS/EQUIPMENT				54.9		89.1		113.0	82.1
	TOTAL BUDGET ACTIVITY 2				151.3		193.4		220.0	
									189.1	

FY 74 PROCUREMENT PROGRAM
THE PRESIDENT'S BUDGET

Exhibit P-1
Date: 24 January 1973

Appropriation: Other Procurement, Army

Activity: 3 - Other Support Equipment

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	(Millions of Dollars) FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	SUPPORT EQUIPMENT AND FACILITIES								
252	Pollution Control						.4		1.0
253	Items Less Than $500,000				20.3		19.0		20.2
254	Spares and Repair Parts				2.3		4.8		3.9
255	Training Device, Nonsystem						1.9		5.3
256	First Destination Transportation				4.7		4.8		6.7
257	Production Base Support				11.3		13.2		10.7
	SUB-TOTAL Support Equipment and Facilities				38.6		44.1		47.8
	TOTAL BUDGET ACTIVITY 3				153.0		204.8		263.5
	TOTAL OTHER PROCUREMENT, ARMY				507.2		611.0		502.9 551.9

DEPARTMENT OF DEFENSE - MILITARY

AIRCRAFT PROCUREMENT, NAVY

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-15-1506-0-1-051	BUDGET PLAN (AMOUNTS FOR PROCUREMENT ACTIONS PROGRAMED)			OBLIGATIONS		
	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
PROGRAM BY ACTIVITIES:						
DIRECT:						
1. COMBAT AIRCRAFT	1,949,900 1/	-28,300	1,921,600	1,487,900 1/	-21,225	1,466,675
3. TRAINER AIRCRAFT	78,900	-2,500	76,400	63,600	- 2,075	61,525
4. OTHER AIRCRAFT	40,100	....	40,100	27,200	....	27,200
5. MODIFICATION OF AIRCRAFT	295,400	....	295,400	251,200	....	251,200
6. AIRCRAFT SPARES AND REPAIR PARTS	427,600 1/	....	427,600	384,600 1/	....	384,600
7. AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES	166,400	....	166,400	140,000	....	140,000
TOTAL DIRECT	2,958,300	-30,800	2,927,500	2,354,500	-23,300	2,331,200
REIMBURSABLE (TOTAL)	32,000	....	32,000	15,500	....	15,500
10 TOTAL	2,990,300	-30,800	2,959,500	2,370,000	-23,300	2,346,700
FINANCING:						
RECEIPTS AND REIMBURSEMENTS FROM:						
11 FEDERAL FUNDS	-24,950	....	-24,950	-24,950	....	-24,950
13 TRUST FUNDS	-7,000	....	-7,000	-7,000	....	-7,000
14 NON-FEDERAL SOURCES	-50	....	-50	-50	....	-50
24 UNOBLIGATED BALANCE AVAILABLE, END OF YEAR FOR COMPLETION OF PRIOR YEAR BUDGET PLANS	....	....	....	620,300	-7,500	612,800
BUDGET AUTHORITY	2,958,300	-30,800	2,927,500	2,958,300	-30,800	2,927,500

1/ The Budget Plan column reflects an adjustment of $-6.9 million in Budget Activity 1 and $+6.9 million in Budget Activity 6. These adjustments reflect the Budget Request revision of June 1973, which deleted the F-4J program and transferred these funds to the F-14A program. The Obligations column also reflects an adjustment of $7.2 million between these two Budget Activities.

AIRCRAFT PROCUREMENT, NAVY
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
1. Combat Aircraft	$1,956,800	-	$1,949,900 1/		-$28,300	-$28,300	$1,921,600

Contract prices negotiated for the FY 1973 buy of EA-6B's indicate that FY 1974 funding for this aircraft can be reduced by $10.0 million from the January estimate.

Repricing of the A-7E CORSAIR aircraft program due to the addition of an Air Force A-7D procurement in FY 1974 has reduced the Navy's cost by $5.7 million. Deferral of production incorporation of the A-7E Target Recognition and Attack Multisensor (TRAM) in FY 1974 permits release of $9.1 million. Total funding decrease for this program is $14.8 million.

Deletion of the Ferranti FE 541 Inertial Navigation Attack System (INAS) from the Harrier V/STOL (AV-8A) aircraft allows a reduction of $3.5 million.

1/ Reflects deletion of the F-4J program as proposed to Congress.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
3. Trainer Aircraft	$78,900		$78,900		-$2,500	-$2,500	$76,400

Deletion of the Ferranti FE 541 Inertial Navigation Attack System (INAS) from the Harrier V/STOL Trainer (TAV-8A) aircraft allows a reduction of $2.5 million.

Exhibit P-1

Department of the Navy
FY 1974 Procurement Program
Aircraft Procurement, Navy

(Dollars in Millions)

Budget Activity	FY 1972	FY 1973	FY 1974
1. Combat Aircraft	2,066.9	1,910.0	1,921.6 ~~1,956.8~~
2. Airlift Aircraft	27.5	24.8	-0-
3. Trainer Aircraft	56.2	33.2	76.4 ~~78.9~~
4. Other Aircraft	2.0	13.4	40.1
5. Modification of Aircraft	453.9	299.2	295.4
6. Aircraft Spares and Repair Parts	495.9	476.5	427.6 ~~420.7~~
7. Aircraft Support Equipment and Facilities	193.0	232.0	166.4
TOTAL APN	3,295.4	2,989.1	~~2,958.3~~ 2,927.5

DEPARTMENT OF THE NAVY
FY 74 PROCUREMENT PROGRAM

Exhibit P-1

Date: January 1973

Appropriation: Aircraft Procurement, Navy

Budget Activity:

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	Millions of Dollars						
				FY 1972		FY 1973		FY 1974		
				Qty	Cost	Qty	Cost	Qty	Cost	
	BUDGET ACTIVITY 1: COMBAT AIRCRAFT									
1.	A-4M (Attack) SKYHAWK Less: Advance Procurement in Prior Year	A	2,754.2					24	(66.1) (-2.0) 64.1	
2.	A-4M Advance Procurement, Current Year						2.0		2.2	
3.	A-6E (Attack) INTRUDER Less: Advance Procurement in Prior Year	A	8,673.3	12	(93.6) (-3.8) 89.8	21	(150.5) (-3.7) 146.8	15	(130.1) (-1.7) 128.4	
4.	A-6E Advance Procurement, Current Year				3.7		1.7		1.9	
5.	EA-6B (Electronic Warfare) PROWLER Less: Advance Procurement in Prior Year	A	19,666.7	12	(159.0) (-7.7) 151.3	7	(141.8) (-30.1) 111.7	6	~~(118.0)~~ (-1.4) ~~116.6~~	108.0 -1.4 106.6
6.	EA-6B Advance Procurement, Current Year				30.1		1.4			
7.	A-7E (Attack) CORSAIR II Less: Advance Procurement in Prior Year	A	4,061.9	24	(75.8) (-1.9) 73.9	48	(165.8) (-5.1) 160.7	42	~~(170.0)~~ (-3.7) ~~166.9~~	155.8 -3.7 152.1
8.	A-7E Advance Procurement, Current Year				5.1		3.7		.8	
9.	AV-8A (V/STOL) HARRIER Less: Advance Procurement in Prior Year	A	4,283.3	30	(106.8) (-6.9) 99.9	30	(117.4) (-12.0) 105.4	12	(51.4) (-3.6) ~~47.8~~	47.9 -8.1 39.8
10.	AV-8A Advance Procurement, Current Year				12.0		8.1			
~~11.~~	~~F-4J (Fighter) PHANTOM II~~	~~A~~	~~11,769.0~~					~~10~~	~~112.6~~	~~-~~
~~12.~~	~~F-4J Advance Procurement, Current Year~~								8.0	-
13.	F-14A (Fighter) TOMCAT Less: Advance Procurement in Prior Year	B	11,056.3	48	(660.4) (-59.6) 600.8	48	(492.6) (-84.8) 407.8	~~50~~ 48	(530.7) (-25.7) ~~537.0~~	670.2 -75.7 594.5
14.	F-14A Advance Procurement, Current Year				84.8		75.7		~~75.8~~	55.0
15.	RH-53D (Mine Countermeasures) SEA STALLION Less: Advance Procurement in Prior Year	B		18	(56.5) (-.2) 56.3					
16.	VH-3A Less: Advance Procurement in Prior Year	A				11	(31.5) (-1.9) 29.6			
17.	VH-3A Advance Procurement, Current Year				1.9					
18.	UH-1N (Helicopter) IROQUOIS Less: Advance Procurement in Prior Year	A	929.2	24	(17.7) (-2.0) 15.7	24	(21.9) (-2.8) 19.1	24	(22.3) (-1.3) 21.0	
19.	UH-1N Advance Procurement, Current Year				2.8		1.3		1.1	
20.	AH-1J (Helicopter) SEA COBRA Less: Advance Procurement in Prior Year	A	1,145.0			20	(30.3) (-1.7) 28.6	20	(22.9) (-1.3) 21.6	
21.	AH-1J Advance Procurement, Current Year				1.7		1.3		.7	
22.	P-3C (Patrol) ORION Less: Advance Procurement in Prior Year	A	11,600.0	24	(223.1) (-11.7) 211.4	12	(146.1) (-35.4) 110.7	12	(139.2) (-12.7) 126.5	

DEPARTMENT OF THE NAVY
FY 74 PROCUREMENT PROGRAM

Exhibit P-1

Date: January 1973

Appropriation: Aircraft Procurement, Navy

Budget Activity:

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	Millions of Dollars FY 1972 Qty	FY 1972 Cost	FY 1973 Qty	FY 1973 Cost	FY 1974 Qty	FY 1974 Cost
23.	P-3C Advance Procurement, Current Year				35.4		12.7		8.9
24.	S-3A (Anti-Submarine) VIKING	B	10,280.0	13	(344.7)	35	(497.0)	45	(462.6)
	Less: Advance Procurement in Prior Year				(-22.7)		(-24.6)		(-61.2)
					322.0		472.4		401.4
25.	S-3A Advance Procurement, Current Year				24.6		61.2		54.0
26.	E-2C (Early Warning) HAWKEYE	B	17,688.9	11	(271.1)	8	(146.6)	9	(159.2)
	Less: Advance Procurement in Prior Year				(-44.1)		(-16.7)		(-18.2)
					227.0		129.9		141.0
27.	E-2C Advance Procurement, Current Year				16.7		18.2		
	BUDGET ACTIVITY 1: Total			216	2,066.9	264	1,910.0	259 / 369	~~1,956.8~~ 1921.6
	BUDGET ACTIVITY 2: AIRLIFT AIRCRAFT								
28.	C-9B	A		5	24.3	3	17.0		
29.	CT-39 SABRELINER	A		2	3.2	5	7.8		
	BUDGET ACTIVITY 2: Total			7	27.5	8	24.8		
	BUDGET ACTIVITY 3: TRAINER AIRCRAFT								
30.	T-2C (Trainer) BUCKEYE	A	1,337.5	36	35.0	24	(32.0)	24	32.1
	Less: Advance Procurement in Prior Year						(-.7)		
							31.3		
31.	T-2C Advance Procurement, Current Year				.7				
32.	TA-4J (Trainer) SKYHAWK	A		12	(22.5)				
	Less: Advance Procurement in Prior Year				(-2.0)				
					20.5				
33.	TAV-8A (V/STOL Trainer) HARRIER	B	6,087.5					8	~~(18.1)~~ 46.2
	Less: Advance Procurement in Prior Year								~~(-1.9)~~ -1.9
									~~16.2~~ 44.3
34.	TAV-8A Advance Procurement, Current Year						1.9		
	BUDGET ACTIVITY 3: Total			48	56.2	24	33.2	32	~~18.9~~ 76.4
	BUDGET ACTIVITY 4: OTHER AIRCRAFT								
35.	(Light) Twin Engine Medium Transport	B	4,900.0					1	4.9
36.	LC-130R Advance Procurement, Current Year				2.0				
37.	EC-130Q (Special Mission) HERCULES	A	11,500.0			1	12.1	1	(11.5)
	Less: Advance Procurement in Prior Year								(-1.3)
									10.2
38.	EC-130Q Advance Procurement, Current Year						1.3		
39.	KC-130H (Tanker) HERCULES	A	6,250.0					4	25.0
	BUDGET ACTIVITY 4: Total				2.0	1	13.4	6	40.1
	BUDGET ACTIVITY 5: MODIFICATION OF AIRCRAFT								
40.	A-3 Series				7.0				
41.	A-4 Series				12.4		4.1		15.9
42.	RA-5C				10.4				1.4

DEPARTMENT OF THE NAVY
FY 74 PROCUREMENT PROGRAM

Exhibit P-1

Date: January 1973

Appropriation: Aircraft Procurement, Navy

Budget Activity:

Line No.	Item Nomenclature	Ident Code	(Thous) FY Unit Cost	Millions of Dollars					
				FY 1972		FY 1973		FY 1974	
				Qty	Cost	Qty	Cost	Qty	Cost
43.	A-6 Series				61.2		90.0		88.5
44.	A-7 Series				29.9		3.4		8.0
45.	AV-8A				1.2				.2
46.	F-4 Series				52.9		40.4		29.0
47.	F-8 Series				3.2		1.1		1.6
48.	F-9						1.3		
49.	OV-10A				.3		.7		1.9
50.	H-46 Series				5.7		26.1		18.0
51.	H-53 Series				1.3		5.4		4.9
52.	H-1 Series				.8		1.7		
53.	H-3 Series				25.8		10.9		17.3
54.	EP-2 E/H				.5				
55.	P-3 Series				78.9		5.9		9.3
56.	S-2 Series				9.4		2.2		
57.	E-1B				2.0				4
58.	E-2 Series				2.4		5.2		7.4
59.	T-39				4.7		.3		.5
60.	T-2								.3
61.	C-2A				4.3				3.0
62.	C-121 Series				.3				
63.	C-130 Series				12.0		10.8		12.8
64.	H-2 Series				14.7		12.2		22.6
65.	Various				86.6		36.0		42.9
66.	Power Plant Changes						8.5		8.5
67.	Field Team Installation of Modernization Equipment				8.8		5.0		
68.	Miscellaneous Flight Safety and Operational Necessity Changes				17.2		8.0		1.0
	BUDGET ACTIVITY 5: Total				453.9		299.2		295.4
69.	BUDGET ACTIVITY 6: AIRCRAFT SPARES AND REPAIR PARTS				495.9		476.5		~~430.7~~ 427.6
	(Initial Spares and Repair Parts)				(336.2		(348.1		~~(320.1)~~ 317.0
	(Replenishment Spares and Repair Parts)				(159.7		(128.4		(110.6)

DEPARTMENT OF THE NAVY
FY 74 PROCUREMENT PROGRAM

Exhibit P-1
Date: JANUARY 1973

Appropriation: Aircraft Procurement, Navy

Budget Activity:

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	Millions of Dollars					
				FY 1972		FY 1973		FY 1974	
				Qty	Cost	Qty	Cost	Qty	Cost
	BUDGET ACTIVITY 7: AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES								
70.	Common Ground Equipment				97.2		111.4		84.5
71.	Component Improvement				43.0		61.3		30.1
72.	Aircraft Industrial Facilities				25.4		28.6		26.7
73.	War Consumables						.9		2.7
74.	Other Production Charges				27.4		29.8		22.4
	BUDGET ACTIVITY 7: Total				193.0		232.0	297	166.4
	Total Aircraft (Activities 1 thru 7)			271	3,295.4	297	2,989.1	~~305~~	~~2,958.3~~ 2,927.5

DEPARTMENT OF DEFENSE - MILITARY

WEAPONS PROCUREMENT, NAVY

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-15-1507-0-1-051	BUDGET PLAN (AMOUNTS FOR PROCUREMENT ACTIONS PROGRAMED)			OBLIGATIONS		
	FY 74 REQUEST PENDING	FY 74 PROPOSED AMENDMENT	FY 74 REVISED REQUEST	FY 74 REQUEST PENDING	FY 74 PROPOSED AMENDMENT	FY 74 REVISED REQUEST
PROGRAM BY ACTIVITIES:						
DIRECT:						
1. BALLISTIC MISSILES	269,100		269,100	243,300		243,300
2. OTHER MISSILES	411,100	-4,500	406,600	308,000	-3,900	304,100
3. TORPEDOES AND RELATED EQUIPMENT	219,900	-4,100	215,800	192,000	-3,100	188,900
4. OTHER WEAPONS	41,900		41,900	36,400		36,400
TOTAL DIRECT	942,000	-8,600	933,400	779,700	-7,000	772,700
REIMBURSABLE (TOTAL)	40,000		40,000	31,300		31,300
10 TOTAL	982,000	-8,600	973,400	811,000	-7,000	804,000
FINANCING:						
RECEIPTS AND REIMBURSEMENTS FROM:						
11 FEDERAL FUNDS	-34,950		-34,950	-34,950		-34,950
13 TRUST FUNDS	- 5,000		- 5,000	- 5,000		- 5,000
14 NON-FEDERAL SOURCES	- 50		- 50	- 50		- 50
24 UNOBLIGATED BALANCE AVAILABLE, END OF YEAR FOR COMPLETION OF PRIOR YEAR BUDGET PLANS				171,000	-1,600	169,400
BUDGET AUTHORITY	942,000		933,400	942,000	-8,600	933,400

WEAPONS PROCUREMENT, NAVY
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 1973	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	Total	FY 1974 Revised Request
2. Other Missiles	$411,100	-	$411,100	-	$-4,500	$-4,500	$406,600

The following procurement programs have been reduced in the amounts indicated to offset higher priority requirements.

A. HARPOON $3,000
B. SIDEWINDER $1,500

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 1973	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
3. Torpedoes and Related Equipment	$219,900	-	$219,900	-	$-4,100	$-4,100	$215,800

The MK 48 Torpedo Program has been reduced by $4,100 to offset higher priority programs.

Exhibit P-1

Department of the Navy
FY 1974 Procurement Program
Weapons Procurement, Navy

(Dollars in Millions)

Budget Activity	FY 72	FY 73	FY 74
1. Ballistic Missiles	359.8	319.8	269.1
2. Other Missiles	327.9	376.6	~~411.1~~ 406.6
Subtotal Missiles	687.7	696.4	680.2
3. Torpedoes and Related Equipment	191.8	203.6	~~219.9~~ 215.8
4. Other Weapons	22.5	59.0	41.9
TOTAL WPN	902.0	959.0	~~942.0~~ 933.4

DEPARTMENT OF THE NAVY
FY 74 PROCUREMENT PROGRAM

Exhibit P-1

(Not Classified Unless Data Entered)

Date: JANUARY 1973

Appropriation: WEAPONS PROCUREMENT, NAVY

Budget Activity:

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	Millions of Dollars FY 1972 Qty	FY 1972 Cost	FY 1973 Qty	FY 1973 Cost	FY 1974 Qty	FY 1974 Cost
	BUDGET ACTIVITY 1: BALLISTIC MISSILES								
	Ballistic Missiles								
1.	UGM-27C (A-3) POLARIS	N/A			15.9		12.5		2.3
2.	UGM-73A (C-3) POSEIDON	A	[Deleted]		296.8	(D)	(289.7)	(D)	(231.1)
	Less: Advance Procurement in Prior Yr						(16.4)		(-20.1)
							273.3		211.0
3.	UGM-73A Advance Procurement Current	N/A			29.3		16.4		39.8
4.	TRIDENT	N/A			-		-		5.0
	Sub total Ballistic Missiles				342.0		302.2		258.1
	Modification of Missiles								
5.	UGM-27C (A-3) POLARIS	N/A			1.8		4.1		.9
6.	UGM-73A (C-3) POSEIDON	N/A			1.9		3.1		.6
	Sub total Modification of Ballistic Missiles				3.7		7.2		1.5
	Support Equipment and Facilities								
7.	Spares and Repair Parts	N/A			7.9		3.8		3.0
	(Initial)				(4.9)		(3.1)		(1.8)
	(Replenishment)				(3.0)		(.7)		(1.2)
8.	First Destination Transportation	N/A			3.6		3.0		2.3
9.	Missile Industrial Facilities	N/A			.5		.7		.6
10.	Astronautics	N/A			2.1		2.9		3.6
	Sub total Support Equip and Fac.				14.1		10.4		9.5
	TOTAL ACTIVITY 1 BALLISTIC MISSILES				359.8		319.8		269.1
	BUDGET ACTIVITY 2: OTHER MISSILES								
	Missiles								
11.	AIM-7 E/F (SPARROW III)	A/B	[Deleted]	[Deleted]	40.0	[Deleted]	31.1	[Deleted]	38.5
12.	AIM-9 H (SIDEWINDER IC IR)	A			12.1		12.1		4.8
13.	AIM-54A (PHOENIX)	B			91.1		89.3		92.5
14.	AGM-45A (SHRIKE)	A			7.7		27.0		10.6
15.	AGM-53A (CONDOR)	B			-		13.0		22.7
16.	AGM-78D (STANDARD ARM)	B			1.0		39.8		.5
17.	AGM-84A (HARPOON) Advance Procurement Current Year	N/A			-		-		16.0
18.	RIM-66A (STANDARD MR)	A			29.8	(D)	34.0	(D)	29.1
19.	RIM-67A (STANDARD ER)	A			32.2		12.7		9.7
20.	RGM-66D (STANDARD SSM)	B		-	-	-	-		7.7

(Not Classified Unless Data Entered)

NAVCOMPT FORM 2113 (4-64)

(D) = Deleted

(Not Classified Unless Data Entered)

DEPARTMENT OF THE NAVY
FY 74 PROCUREMENT PROGRAM

Exhibit P-1
Date: January 1973

Appropriation: WEAPONS PROCUREMENT, NAVY

Budget Activity:

Line No.	Item Nomenclature	Ident Code	(Thous) FY Unit Cost	Millions of Dollars FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost
21	Other Missile Support*	N/A			16.6		15.8		12.5
22	Aerial Targets	N/A			38.4		36.5		31.9
	SUBTOTAL Other Missiles				268.9		311.3		~~391.0~~ 286.5
	MODIFICATION OF OTHER MISSILES								
23	AIM-7 E/F (SPARROW III)	N/A			1.5		1.1		2.7
24	AIM-9 (SIDEWINDER IC IR)	N/A			.2		.2		.2
25	AIM-54A (PHOENIX)	N/A			-		-		.3
26	AGM-45A (SHRIKE)	N/A			.4		.4		.4
27	AGM-83A (BULLDOG)	N/A			7.2		-		-
28	RIM-24B (TARTAR)	N/A			.9		.7		.5
29	RIM-2E (TERRIER)	N/A			.3		.6		.5
30	RIM-8G (TALOS)	N/A			9.0		8.5		-
31	RIM-66A (STANDARD MR)	N/A			3.3		1.0		.9
32	RIM-67A (STANDARD ER)	N/A			1.5		.9		.8
33	UUM-44A (SUBROC)	N/A					.2		.1
	SUBTOTAL Mod of Missiles				24.3		13.6		6.4
	SUPPORT EQUIPMENT AND FACILITIES								
34	Spares and Repair Parts	N/A			21.9		10.0		13.0
	(Initial)				(18.3)		(7.1)		(10.9)
	(Replenishment)				(3.6)		(2.9)		(2.1)
35	First Destination Transportation	N/A			.5		.7		.6
36	Missile Industrial Facilities	N/A			12.1		9.9		9.3
37	Fleet Satellite Communications	N/A			.2		31.1		90.8
	SUBTOTAL Support Eq. and Facilities				34.7		51.7		113.7
	TOTAL ACTIVITY 2 OTHER MISSILES				327.9		376.6		~~411.1~~ 406.6
	BUDGET ACTIVITY 3: TORPEDOES AND RELATED EQUIPMENT								
38	TORPEDO MK 48	A	328.6	370	153.5	500	161.4	500	160.2 ~~164.5~~
39	CAPTOR	B	[D]					[D]	11.6
40	MOBILE TARGET MK-27	N/A		2	1.8				
41	MOBILE TARGET MK 30	N/A	675.0	11	11.3	7	8.0	12	8.1
	SUBTOTAL Torpedoes and Related Eq.				166.6		169.4		~~184.0~~ 179.9

* TERRIER/TARTAR/TALOS/SUBROC

(Not Classified Unless Data Entered)

(D) = Deleted

DEPARTMENT OF THE NAVY
FY 74 PROCUREMENT PROGRAM

Exhibit P-1
Date: January 1973

Appropriation: WEAPONS PROCUREMENT, NAVY

Budget Activity:

Line No.	Item Nomenclature	Ident Code	(Thous) FY 74 Unit Cost	Millions of Dollars FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost
	Modification of Torpedoes & Related Eq								
42	TORPEDO MK 37	N/A			.8		1.0		1.7
43	TORPEDO MK 45	N/A			.3		.5		.7
44	TORPEDO MK 46	N/A			3.7		2.5		3.0
45	ASROC	N/A			.3		1.0		.5
46.	MOBILE TARGET MK-27	N/A			-		1.2		
47	Mods under $500,000	N/A			.4		.1		.3
	Sub total Modification of Torpedoes and Related Equipment				5.5		6.3		6.2
	Support Equipment								
48	Torpedo Support Equipment	N/A			8.8		8.8		7.8
49	Spares and Repair Parts	N/A			10.9		19.1		21.9
	(Initial)				(7.4)		(15.5)		(18.5)
	(Replenishment)				(3.5)		(3.6)		(3.4)
	Sub total Support Equipment				19.7		27.9		29.7
	TOTAL ACTIVITY 3 TORPEDOES AND RELATED EQUIPMENT				191.8		203.6		~~219.9~~ 215.8
	BUDGET ACTIVITY 4: OTHER WEAPONS								
	Guns and Gun Mounts								
50	MK 22 Machine Gun 20 MM	B	8.0			120	1.4	100	.8
51	Close-in Weapons System	B				9	23.2		13.0 four
52	Weapons under $500,000	A			.9		.3		.2
	Sub total Guns and Gun Mounts				.9		24.9		14.0
	Modification of Guns and Gun Mounts								
53	5"/54 Gun Mount	A			14.2		20.0		20.7
54	Mods under $500,000	N/A			1.6		1.4		1.0
	Sub total Modification of Guns and Gun Mounts				15.8		21.4		21.7
54	Gun Support Equipment	N/A			3.3		7.9		2.6
56	Spares and Repair Parts	N/A			2.5		4.8		3.6
	(Initial)				(.7)		(3.0)		(1.8)
	(Replenishment)				(1.8)		(1.8)		(1.8)
	Sub total Support Equipment				5.8		12.7		6.2
	TOTAL ACTIVITY 4 OTHER WEAPONS				22.5		59.0		41.9
	TOTAL WPN				902.0		959.0		~~942.0~~ 933.4

(ACCOUNT FORM 21); (7-64)

DEPARTMENT OF DEFENSE - MILITARY

SHIPBUILDING AND CONVERSION, NAVY

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-15-1611-0-1-051	BUDGET PLAN (AMOUNTS FOR PROCUREMENT ACTIONS PROGRAMED)			OBLIGATIONS		
	FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT	FY 1974 REVISED REQUEST	FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT	FY 1974 REVISED REQUEST
PROGRAM BY ACTIVITIES:						
DIRECT:						
1. FLEET BALLISTIC MISSILE SHIPS	1,113,400	-100,000	1,013,400	706,402	-63,000	643,402
2. OTHER WARSHIPS	2,362,020	-25,000	2,337,020	2,102,905	-23,000	2,079,905
3. AMPHIBIOUS SHIPS	.....	.....	.....	19,600	.....	19,600
4. MINE WARFARE AND PATROL SHIPS	10,700	.....	10,700	85,023	.....	85,023
5. AUXILIARIES AND CRAFT	415,680	-22,700	392,980	496,070	.....	496,070
TOTAL DIRECT	3,901,800	-147,700	3,754,100	3,410,000	-86,000	3,324,000
REIMBURSABLE (TOTAL)	70,000	.....	70,000	72,000	.....	72,000
10 TOTAL	3,971,800	-147,700	3,824,100	3,482,000	-86,000	3,396,000
FINANCING:						
RECEIPTS AND REIMBURSEMENTS FROM:						
11 FEDERAL FUNDS	-25,000	.....	-25,000	-25,000	.....	-25,000
13 TRUST FUNDS	-45,000	.....	-45,000	-45,000	.....	-45,000
14 NON-FEDERAL SOURCES	.....	.....	.....	.....	.....	.....
21 UNOBLIGATED BALANCE AVAILABLE, START OF YEAR FOR COMPLETION OF PRIOR YEAR BUDGET PLANS	.....	.....	.....	-2,133,684	.....	-2,133,684
AVAILABLE TO FINANCE NEW BUDGET PLANS	.....	.....	.....	.....	.....	.....
22 UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS	.....	.....	.....	.....	.....	.....
23 UNOBLIGATED BALANCE TRANSFERRED TO OTHER ACCOUNTS	.....	.....	.....	.....	.....	.....
24 UNOBLIGATED BALANCE AVAILABLE, END OF YEAR FOR COMPLETION OF PRIOR YEAR BUDGET PLANS	.....	.....	.....	2,623,484	-61,700	2,561,784
BUDGET AUTHORITY	3,901,800	-147,700	3,754,100	3,901,800	-147,700	3,754,100

SHIPBUILDING AND CONVERSION, NAVY
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
1. Fleet Ballistic Missile Ships	$1,113,400	-	$1,113,400	-	$-100,000	$-100,000	$1,013,400

The reduction of $-127,404,000 to the POSEIDON SSBN full funding P-1 line is permitted by the delay in conversion of three POLARIS SSBNs to POSEIDON capability from FY 1974 to FY 1975. The change to FY 1975 is necessitated by delays in completion of POLARIS SSBN overhauls. As these POLARIS submarines are scheduled to relieve 616-class SSBNs when the latter return for conversion to POSEIDON, the delays in overhaul completions would result in reduction of [Deleted] unless 616-class SSBNs remain deployed for a longer period. The change in conversion schedules for three hulls is therefore necessary to maintain [Deleted] The remaining amount of the FY 1974 SSBN full funding P-1 line item is for the conversion of two SSBNs to the POSEIDON capability. The reduction of $127,404,000 to the POSEIDON conversions has been offset by an increase of $27,404,000 to the line item for advance procurement of components for the FY 1975 SSBN conversions. The result of all changes in the SSBN conversions is a reduction of $100,000,000.

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
2. Other Warships	$2,362,020	-	$2,362,020	-	$-25,000	$-25,000	$2,337,020

The amendment reduces the estimate for two DLG conversions by $25,000,000. The reduction has been made because the conversions are to be performed in a private shipyard instead of the Philadelphia Naval Shipyard. The $25,000 million reduction reflects the lower cost of doing work in a private shipyard. The conversions are being transferred from Philadelphia to permit the accomplishment of fleet repair and overhaul work that will be transferred to Philadelphia from the soon-to-be-closed Boston Naval Shipyard.

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
5. Auxiliaries and Craft	$415,680	-	$415,680	-	$-22,700	$-22,700	$392,980

The amendment reduces the estimate of $196,700 million for escalation on Prior Year programs by $22,700 million to a total of $174,000 million. A Contracting Officer's Decision on the LHA Development and Production Contract reduced the escalation required to fund this contract.

Exhibit P-1

DEPARTMENT OF THE NAVY
FY 1974 Procurement Program
Shipbuilding and Conversion, Navy

(Dollars in Millions)

Budget Activity	FY 1972	FY 1973	FY 1974
1. Fleet Ballistic Missile Ships	$379.3	$718.7	~~$1,113.4~~ 1,013.4
2. Other Warships	1,817.8	1,677.6	~~2,362.0~~ 2,337.0
3. Amphibious Ships	109.7	-	-
4. Mine Warfare and Patrol Ships	7.6	202.2	10.7
5. Auxiliaries and Craft	695.8	372.1	~~415.7~~ 393.0
TOTAL SCN	3,010.2	2,970.6	~~3,901.8~~ 3,754.1

DEPARTMENT OF THE NAVY
FY 74 PROCUREMENT PROGRAM

Exhibit P-1

Date: January 1973

Appropriation: Shipbuilding and Conversion, Navy

Budget Activity:

Line No.	Item Nomenclature	Ident Code	(Thous) FY Unit Cost	Millions of Dollars					
				FY 1972		FY 1973		FY 1974	
				Qty	Cost	Qty	Cost	Qty	Cost
	BUDGET ACTIVITY No. 1: Fleet Ballistic Missile Ships								
1	SSN Ballistic Missile Submarine (Nuclear) (Conv.)		Various	6	(339.4)	6	(432.6)	2	(155.0)
	Less: Advance Procurement in Prior Years			-	(-111.4)	-	(-163.7)	-	(-52.6)
				6	228.0	6	268.9	2	102.4
2	SSBN Ballistic Missile Submarine (Nuclear) (Conv.)								27.4
	Advance Procurement in Current Year			-	134.6	-	108.2	-	~~13.8~~
	(FY 1972 for FY 1973)			-	(121.3)	-	-	-	-
	(FY 1972 for FY 1974)			-	(11.7)	-	-	-	-
	(FY 1972 for FY 1975)			-	(1.6)	-	-	-	-
	(FY 1973 for FY 1974)			-	-	-	(40.8)	-	(27.4)
	(FY 1973 for FY 1975)			-	-	-	(67.4)	-	~~(13.8)~~
	(FY 1974 for FY 1975)			-	-	-	-	-	
3	AS Submarine Tender (Conv.)			-	-	1	(26.1)	-	-
	Less: Advance Procurement in Prior Year			-	-	-	(-8.9)	-	-
				-	-	1	17.2	-	-
4	AS Submarine Tender (Conv.)								
	Advance Procurement in Current Year			-	8.8	-	2.1	-	8.8
	(FY 1972 for FY 1973)			-	(8.8)	-	-	-	-
	(FY 1973 for FY 1975)			-	-	-	(2.1)	-	-
	(FY 1974 for FY 1975)			-	-	-	-	-	(8.8)
5	Outfitting			-	4.5	-	5.5	-	3.8
6	Post Delivery			-	3.4	-	5.8	-	3.2
7	TRIDENT (Nuclear)		780,800	-	-	-	-	1	(780.8)
	Less: Advance Procurement in Prior Year			-	-	-	-	-	(-194.0)
								1	586.8
8	TRIDENT (Nuclear)								
	Advance Procurement in Current Year			-	-	-	311.0	-	281.0
	(FY 1973 for FY 1974)			-	-	-	(194.0)	-	-
	(FY 1973 for FY 1975)			-	-	-	(117.0)	-	-
	(FY 1974 for FY 1975)			-	-	-	-	-	(83.0)
	(FY 1974 for FY 1976)			-	-	-	-	-	(198.0)
	TOTAL BUDGET ACTIVITY No. 1				379.3		718.7		~~599.8~~ 1,013.4
	BUDGET ACTIVITY No. 2: Other Warships								
9	CVS Aircraft Carrier (Nuclear)		956,000	-	-	-	-	1	(956.0)
	Less: Advance Procurement in Prior Years			-	-	-	-	-	(-299.0)
								1	657.0
10	CVN Aircraft Carrier (Nuclear)								
	Advance Procurement in Current Year			-	-	-	299.0	-	-
11	SSN Submarine (Nuclear)		181,640	5	(878.7)	6	(1,050.0)	5	(905.2)
	Less: Advance Procurement in Prior Years			-	(-110.0)	-	(-136.0)	-	(-135.0)
				5	768.7	6	914.0	5	783.2
12	SSN Submarine (Nuclear)								
	Advance Procurement in Current Year			-	136.0	-	125.0	-	130.0
	(FY 1972 for FY 1973)			-	(136.0)	-	-	-	-
	(FY 1973 for FY 1974)			-	-	-	(125.0)	-	-
	(FY 1974 for FY 1975)			-	-	-	-	-	(130.0)
13	DLGN Guided Missile Frigate (Nuclear)			1	(244.6)	-	-	-	-
	Less: Advance Procurement in Prior Years			-	(-45.7)	-	-	-	-
				1	198.9				

DEPARTMENT OF THE NAVY
FY 74 PROCUREMENT PROGRAM

Exhibit P-1

Date: January 1973

Appropriation: Shipbuilding and Conversion, Navy

Budget Activity:

Line No.	Item Nomenclature	Ident Code	(Thous) FY 1974 Unit Cost	Millions of Dollars FY 1972 Qty	FY 1972 Cost	FY 1973 Qty	FY 1973 Cost	FY 1974 Qty	FY 1974 Cost
	BUDGET ACTIVITY No. 2: Other Warships (Cont'd)								
14	DLGN Guided Missile Frigate (Nuclear) (Conv.)		113,000	-	-	-	-	1	(113.0)
	Less: Advance Procurement in Prior Years			-	-	-	-	-	(-30.0)
								1	83.0
15	DLGN Guided Missile Frigate (Nuclear) (Conv.) Advance Procurement in Current Year			-	-	-	30.0	-	-
16	DD 963 Class Destroyer		90,643	7	(603.3)	-	-	7	(634.5)
	Less: Advance Procurement in Prior Years			-	-	-	-	-	(-247.0)
				7	603.3			7	387.5
17	DD 963 Class Destroyer Advance Procurement in Current Year			-	-	-	247.0	-	198.3
18	DLG (AAW) Guided Missile Frigate (Conv.)		Various	2	(117.8)	1	(63.4)	2	~~(124.5)~~ 99.5
	Less: Advance Procurement in Prior Years			-	(-33.0)	-	(-16.9)	-	~~(-30.8)~~ -30.8
				2	84.6	1	46.5	2	~~93.7~~ 68.7
19	DLG (AAW) Guided Missile Frigate (Conv.) Advance Procurement in Current Year			-	26.3	-	16.1	-	-
	(FY 1972 for FY 1973)			-	(11.8)	-	-	-	-
	(FY 1972 for FY 1974)			-	(14.7)	-	-	-	-
	(FY 1973 for FY 1974)			-	-	-	(16.1)	-	-
20	SCS Sea Control Ship Advance Procurement in Current Year			-	-	-	-	-	23.3
	TOTAL BUDGET ACTIVITY No. 2				1,817.8		1,677.8		~~2,369.0~~ 2,337.0
	BUDGET ACTIVITY No. 3: Amphibious Ships								
21	LHA Basic Contract Cancellation			-	109.7	-	-	-	-
	TOTAL BUDGET ACTIVITY No. 3				109.7		-		-
	BUDGET ACTIVITY No. 4: Mine Warfare and Patrol Ships								
22	PHM Patrol Hydrofoil Missile Advance Procurement in Current Year			-	7.6	-	-	-	3.9
23	PF Patrol Frigate			-	-	1	202.2	-	-
24	PF Patrol Frigate Advance Procurement in Current Year			-	-	-	-	-	6.8
	TOTAL BUDGET ACTIVITY No. 4				7.6		202.2		10.7
	BUDGET ACTIVITY No. 5: Auxiliaries and Craft								
25	AOR Replenishment Fleet Oiler			1	(66.5)	-	-	-	-
	Less: Advance Procurement in Prior Years			-	(-.1)	-	-	-	-
				1	66.4				
26	AD Destroyer Tender			-	-	1	103.6	-	-
27	T-AGS (Conv.)			-	.3	-	-	-	-

DEPARTMENT OF THE NAVY
FY FY OUTLAY PROGRAM

Exhibit P-1
Date: January 1973

Appropriation: Shipbuilding and Conversion, Navy

Line No.	Item Nomenclature	Ident Code	(Thous) FY Unit Cost	Millions of Dollars FY Qty	FY Cost	FY Qty	FY Cost	FY Qty	FY Cost	
	BUDGET ACTIVITY No. 5 Auxiliaries and Craft (Cont'd)									
28	AS Submarine Tender			1	(113.5)	1	(112.6)	-	-	
	Less: Advance Procurement in Prior Years			-	(-.1)	-	(-15.0)	-	-	
				1	113.4	1	97.6			
29	AS Submarine Tender Advance Procurement in Current Years			-	15.0	-	-	-	-	
30	ATS Rescue and Salvage Ship			1	2.2	-	-	-	-	
31	Pollution Abatement Craft			-	-	-	-	-	10.4	
32	Craft			-	11.9	-	2.0	-	9.0	
33	Outfitting			-	41.1	-	31.7	-	37.5	
34	Post Delivery			-	68.2	-	32.6	-	23.3	
35	Cost Growth			-	263.0	-	67.0	-	138.8	
36	Escalation on prior year program			-	-	-	-	-	~~186.4~~	174.0
37	Funds Required for Completion of Prior Year Programs			-	114.4	-	37.5	-	-	
	TOTAL BUDGET ACTIVITY No. 5				695.8*		372.1*		~~611.7~~	393.0
	TOTAL PROCUREMENT PROGRAM				3,010.2		2,970.6		~~3,991.0~~	3,754.1

* Because of rounding some totals do not add.

DEPARTMENT OF DEFENSE - MILITARY

PROCUREMENT, MARINE CORPS

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-15-1109-0-1-051

		BUDGET PLAN (AMOUNTS FOR PROCUREMENT ACTIONS PROGRAMED)			OBLIGATIONS		
		FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT	FY 1974 REVISED REQUEST	FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT	FY 1974 REVISED REQUEST
	PROGRAM BY ACTIVITIES:						
	DIRECT:						
	1. AMMUNITION	26,600	-	26,600	26,572	-	26,572
	2. WEAPONS AND COMBAT VEHICLES	46,900	-	46,900	50,049	-	50,049
	3. GUIDED MISSILES AND EQUIPMENT	32,300	-	32,300	27,128	-	27,128
	4. COMMUNICATIONS AND ELECTRONICS EQUIPMENT	38,900	- 2,000	36,900	38,341	-	38,341
	5. SUPPORT VEHICLES	7,400	-	7,400	5,686	-	5,686
	6. ENGINEER AND OTHER EQUIPMENT	29,900	-	29,900	26,224	-	26,224
	TOTAL DIRECT	182,000	- 2,000	180,000	174,000	-	174,000
	REIMBURSABLE (TOTAL)						
10	TOTAL						
	FINANCING:						
	RECEIPTS AND REIMBURSEMENTS FROM:						
11	FEDERAL FUNDS						
14	NON-FEDERAL SOURCES						
17	RECOVERY OF PRIOR YEAR OBLIGATIONS, OBL PLAN						
21	UNOBLIGATED BALANCE AVAILABLE, START OF YEAR FOR COMPLETION OF PRIOR YEAR BUDGET PLANS				-48,485	-	-48,485
	AVAILABLE TO FINANCE NEW BUDGET PLANS						
	REPROGRAMING FROM (-) OR TO PRIOR YEAR BUDGET PLANS						
22	UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS						
23	UNOBLIGATED BALANCE TRANSFERRED TO OTHER ACCOUNTS						
24	UNOBLIGATED BALANCE AVAILABLE, END OF YEAR FOR COMPLETION OF PRIOR YEAR BUDGET PLANS				56,485	- 2,000	54,485
	BUDGET AUTHORITY	182,000	- 2,000	180,00	182,000	- 2,000	180,000

PROCUREMENT, MARINE CORPS
(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
4. Communications and Electronics Equipment	$38,900	-	$38,900	-	$-2,000	$-2,000	$36,900

This activity provides funds for the extensive electronic and electrical network necessary to provide adequate communications for the landing force ashore and to provide electronic alert and weapons control for defense against air and ground attack. The electronics area is one of rapid technological advancement. As a result, careful planning is required in order to maintain the most modern forces possible, and to avoid the buildup of large inventories of obsolescence-prone items, while preserving the capability to carry out assigned missions.

The FY 1974 request is for telephone and teletype equipment, vehicle mounted and manpack radios and supporting equipment such as test and calibration equipment and spares and repair parts. As a result of an analysis of modification requirements in FY 1974, it has been determined that a reduction of $2.0 million related to modification kits is feasible without degradation to the Marine Corps Communications and Electronics network.

Exhibit P-1

Department of the Navy
FY 1974 Procurement Program
Procurement, Marine Corps

Budget Activity	FY 1972	FY 1973	FY 1974
	(Dollars in Millions)		
1. Ammunition	18.0	16.0	26.6
2. Weapons and Tracked Combat Vehicles	64.4	55.0	46.9
3. Guided Missiles and Equipment	1.9	22.1	32.3
4. Communications and Electronics	18.7	61.9	~~38.9~~ 36.9
5. Support Vehicles	9.0	9.4	7.4
6. Engineer and Other Equipment	16.1	17.8	29.9
Total PMC	128.1	182.2	~~182.0~~ 180.0

DEPARTMENT OF THE NAVY
PROCUREMENT PROGRAM

Exhibit P-1

Date JAN 1973

Appropriation PROCUREMENT MARINE CORPS

Budget Activity -4- COMMUNICATIONS AND ELECTRONICS

Line No.	Item Nomenclature		Ident Code	(Thous) FY 74 Unit Cost	Millions of Dollars FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost	
	OTHER SUPPORT										
53	TEST CALIB AND MAINT SPT	588				.2		.6		.3	
54	1ST DEST TRANSPORTATION	999				.2		.4			
55	SPARES AND REPAIR PARTS					1.9		2.1		3.4	
56	ITEMS LESS THAN $500,000					3.2		4.3		~~4.0~~	3.6
	SUB-TOTAL					5.5		23.4		~~27.8~~	26.4
	NON-TELECOMMUNICATIONS										
	RADARS AND EQUIPMENT										
57	RADAR COURSE DIR TPQ-27	227	B	1683.4			16	26.9			
58	RADAR SET AN/TPS-63	247	A	1750.0	2	3.5					
59	TRANSPONDER SE AN/PPN-18	272	A	5.0			236	1.2			
	OTHER COMM/ELECT EQUIP										
60	PUB ADD SET AN/UIQ-10	641	A	1.2					450	.5	
	OTHER SUPPORT										
61	TEST CALIB/MAINT SPT	588				.5		1.8		.2	
62	1ST DEST TRANSPORTATION	999				.1		.5		.1	
63	SPARES AND REPAIR PARTS					4.2		3.8		3.6	
64	ITEMS LESS THAN $500,000					4.9		4.3		~~3.7~~	6.1
	SUB-TOTAL					13.2		38.5		~~42.5~~	10.5
	TOTAL ACTIVITY 4					18.7		61.9		~~38.9~~	36.9

DEPARTMENT OF THE NAVY
FY 74 PROCUREMENT PROGRAM

Exhibit P-1

Date: JAN 1973

Appropriation: PROCUREMENT MARINE CORPS

Budget Activity: -6- ENGINEER AND OTHER EQUIPMENT

Line No.	Item Nomenclature		Ident Code	(Thous) FY 74 Unit Cost	Millions of Dollars FY 72 Qty	FY 72 Cost	FY 73 Qty	FY 73 Cost	FY 74 Qty	FY 74 Cost
73	AIR COND ASST	070	A	.1	148	.5	55	.2	450	1.4
74	TRACTORS ASST		A				41	.6		
75	POWER EQUIP ASST	944	A	.1	79	.9	35	.5	145	1.2
76	CRANE ASST		A		59	1.9			74	4.8
77	HELI EXPED REFUELING SYS	658	A	16.5	43	.7	10	.2		
78	PHOTO SYSTEM COMBAT	698	A	224.0			3	.7		
79	PRINTER VIEWER IMAGERY	742	A	6.8			109	.7		
80	AUTO MAT HANDLING EQUIP	342	A			.2		.5		1.3
81	MUST SYSTEM	500	A					4.6		6.6
82	CLOTHING OUTFIT CML PROT	735	A				13044	.3	30000	.6
83	ADP	906	A			4.2		1.0		6.0
84	1ST DEST TRANSPORTATION	999				.3		.1		.3
85	SPARES AND REPAIR PARTS		A			.8		.6		.5
86	ITEMS LESS THAN $500,000					6.6		7.8		7.2
	TOTAL ACTIVITY 6					16.1		17.8		29.9
	TOTAL PROCUREMENT, MARINE CORPS					128.1		182.2		~~183.0~~ 180.8

DEPARTMENT OF DEFENSE - MILITARY

AIRCRAFT PROCUREMENT, AIR FORCE

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-15-3010-0-1-051	BUDGET PLAN (AMOUNTS FOR PROCUREMENT ACTIONS PROGRAMED)			OBLIGATIONS		
	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
PROGRAM BY ACTIVITIES:						
DIRECT:						
1. COMBAT AIRCRAFT	1,123,500		1,123,500	1,030,954		1,030,954
2. AIRLIFT AIRCRAFT	223,700	-5,935	217.765	85,985	-5,935	80,050
3. TRAINER AIRCRAFT	100	-65	35	8,237	-65	8,172
4. OTHER AIRCRAFT	190,100		190,100	80,670		80,670
5. MODIFICATION OF INSERVICE AIRCRAFT	527,700		527,700	546,664		546,664
6. AIRCRAFT SPARES AND REPAIR PARTS	579,500		579,500	640,542		640,542
7. AIRCRAFT SUPPORT EQUIPMENT AND FACILITIES	268,200		268,200	298,450		298,450
TOTAL DIRECT	2,912,800	-6,000	2,906,800	2,691,502	-6,000	2,685,502
REIMBURSABLE (TOTAL)	450,000	-0-	450,000	554,498	-0-	554,498
10 TOTAL	3,362,800	-6,000	3,356,800	3,246,000	-6,000	3,240,000
FINANCING:						
RECEIPTS AND REIMBURSEMENTS FROM:	-89,000	-	-89,000	-89,000	-	-89,000
11 FEDERAL FUNDS	-360,500	-	-360,500	-360,500	-	-360,500
13 TRUST FUNDS		-		-500		-500
14 NON-FEDERAL SOURCES	-500		-500			
21 UNOBLIGATED BALANCE AVAILABLE, START OF YEAR				-997,149	-	-997,149
FOR COMPLETION OF PRIOR YEAR BUDGET PLANS						
AVAILABLE TO FINANCE NEW BUDGET PLANS						
REPROGRAMING FROM (-) OR TO PRIOR YEAR BUDGET PLANS						
22 UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS						
23 UNOBLIGATED BALANCE TRANSFERRED TO OTHER ACCOUNTS						
24 UNOBLIGATED BALANCE AVAILABLE, END OF YEAR				1,113,949	-	1,113,949
FOR COMPLETION OF PRIOR YEAR BUDGET PLANS						
AVAILABLE TO FINANCE SUBSEQUENT YEAR BUDGET PLANS						
BUDGET AUTHORITY	2,912,800	-6,000	2,906,800	2,912,800	-6,000	2,906,800

AIRCRAFT PROCUREMENT, AIR FORCE

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Airlift Aircraft	$223,700	-0-	$ 223,700	-0-	$ -5,935	$ -5,935	$ 217,765

The initial budget request included $43.1 million for the C-5A. The requirement has now been determined to be $37.2 million. The $5.9 million reduction was made possible by settlement of several major subcontractor claims at lower than expected amounts.

The Military Assistance Service Funded (MASF) Program of $331.4 million was reduced by $10.9 million to a revised approved program of $320.5 million. The $10.9 million MASF Program reduction was reapplied to the basic Air Force program for the procurement of Replenishment Spares requirements essential to the readiness posture of the U.S. Forces.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Trainer Aircraft	$ 100	-0-	$ 100	-0-	$ -65	$ -65	$ 35

The initial budget request showed a requirement for three T-41 aircraft at a total cost of $100 thousand. Since that time, two aircraft have been identified as excess to the needs of the Army and these surplus assets will provide two of the three aircraft required.

PROCUREMENT PROGRAM

EXHIBIT P-1

DATE: 24 JANUARY 1973

APPROPRIATION:

ACTIVITY:

LINE NO.	ITEM NOMENCLATURE	IDENT CODE	FY 1974 UNIT COST	(MILLIONS OF DOLLARS) FY 1972 QUANTITY	FY 1972 COST	FY 1973 QUANTITY	FY 1973 COST	FY 1974 QUANTITY	FY 1974 COST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Except as otherwise annotated, individual line items may be treated as unclassified.								
	COMBAT AIRCRAFT								
1.	A-7D Less: Advance Procurement In Prior Year	A	$	97	$(229.1) (-25.4) 203.7	24	$ 89.0 (-5.8) 83.2		$
2.	A-7D Advance Procurement Current Year				5.8				
3.	A-9/A-10 (A-X) Advance Procurement Current Year	A							30.0
4.	A-37B	A				60	32.0		
5.	E-3A (AWACS) Advance Procurement Current Year	B							11.7
6.	F-111F Less: Advance Procurement In Prior Year	A		12	112.0	12	(171.5) -20.1) 151.4		
7.	F-111F Advance Procurement Current Year				20.1		30.0		
8.	F-111 Over Tgt/Unf Def/Proof Test				297.9				
9.	F-4E Less Advance Procurement In Prior Year	A	4.108	36	(138.8) (-9.6) 129.2	48	168.1 168.1	24	98.6
10.	F-5A	A	.597					116	69.3
11.	F-5B	A				7	11.9		
12.	F-5E Less: Advance Procurement In Prior Year	A	1.577	21	(71.2) (-8.8) 62.4	57	(97.5) (-7.1) 90.4	71	112.0
13.	F-5E Advance Procurement Current Year				7.1				
14.	F/TF-15A	A	10.414			30	421.6	77	801.9
15.	RF-4C Less: Advance Procurement In Prior Year	A		12	(40.9) (-1.8) 39.1				
	Total Combat Aircraft			(178)	(877.3)	(238)	(988.6)	(288)	(1123.5)
	AIRLIFT AIRCRAFT								37.2 ~~40.1~~
16.	C-5A Prior Year Unfunded Deficiencies				299.1		107.6		
17.	C-130E	A		12	40.1				
18.	C-130H	A	5.017			20	90.0	36	180.6
19.	VC-X	A				4	19.0		
	Total Airlift Aircraft			(12)	(339.2)	(24)	(216.6)	(36)	(217.8) ~~(220.7)~~

PROCUREMENT PROGRAM

EXHIBIT P-1

DATE: 24 JANUARY 1973

APPROPRIATION: Aircraft Procurement, Air Force

ACTIVITY:

LINE NO.	ITEM NOMENCLATURE	IDENT CODE	FY 1974 UNIT COST	(MILLIONS OF DOLLARS) FY 1972 QUANTITY	FY 1972 COST	FY 1973 QUANTITY	FY 1973 COST	FY 1974 QUANTITY	FY 1974 COST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	TRAINER AIRCRAFT								
20.	T-41D	A	$ .033	3	$ .1	1	$ *	~~1~~	~~*~~
21.	T-43A	A		7	40.9	8	46.1		~~$ *~~
	Total Trainer Aircraft			(10)	(41.0)	(9)	(46.1)	~~(2)~~	~~(2)~~
	OTHER AIRCRAFT								
22.	AABNCP	B	32.300			2	69.0	1	32.3
23.	CH-47C	A	2.146					24	51.5
24.	HH-53C	A				6	20.8		
25.	UH-1H	A	.314			180	53.3	308	96.7
26.	CX-X	A	.600			14	8.4	16	9.6
27.	VC-137C	A		1	8.7				
	Total Other Aircraft			(1)	(8.7)	(202)	(151.5)	~~(349)~~	(190.1)
	Subtotal			201	1266.2	473	1402.8	~~644~~	~~1593.4~~
	MODIFICATION OF IN-SERVICE AIRCRAFT								
28.	A-7				5.5		6.2		10.1
29.	B-52				244.2		224.1		238.5
30.	FB-111				33.9		4.4		5.0
31.	C-5				16.7		6.2		17.4
32.	C/HC/RC/WC-130				8.1		4.7		9.2
33.	AC-130				13.2				
34.	C/RC/WC-135				10.2		9.8		11.0
35.	C-141								2.8
36.	F/RF-4				57.3		81.4		95.6
37.	F-105				5.7				
38.	F-106				9.2		2.3		8.0
39.	F-111				48.7		30.5		24.0
40.	T/AT-37				.1		3.7		3.4
41.	T-38				1.4		6.2		6.2
42.	UH-1				1.9		4.5		
43.	Other Aircraft				13.2		12.0		48.8
44.	Operational Necessity				39.1		15.2		20.0

PROCUREMENT PROGRAM

EXHIBIT P-1

DATE: 24 JANUARY 1973

APPROPRIATION: Aircraft Procurement, Air Force

ACTIVITY:

LINE NO.	ITEM NOMENCLATURE	IDENT CODE	FY 1974 UNIT COST	(MILLIONS OF DOLLARS) FY 1972		FY 1973		FY 1974	
				QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	MODIFICATION OF IN-SERVICE (CONT'd)								
45.	Classified Projects				46.7		31.4		18.1
46.	Support of Allies				9.3		23.1		9.6
47.	IGLOO WHITE				12.9				
	Total Modifications				(577.3)		(465.7)		(527.7)
	AIRCRAFT SPARES & REPAIR PARTS								
48.	Total Aircraft Spares & Repair Parts				(407.9)		(521.0)		(579.5)
	AIRCRAFT SUPPORT EQUIPMENT & FACILITIES								
49.	Common Ground Equipment				46.2		54.6		82.0
50.	Component Improvement				48.1		38.9		25.9
51.	Industrial Facilities				16.2		22.7		23.9
52.	War Consumables				7.9		15.5		.9
53.	Other Production Charges				93.9		74.3		106.0
54.	Classified Programs				579.0		44.3		29.5
	Total Aircraft Support Equipment & Facilities				(791.3)		(250.3)		(268.3)
	TOTAL DIRECT PROGRAM				$3042.7		$2639.8		$3413.6
	REIMBURSALE PROGRAM				$1635.4		$ 870.2		$ 450.0
	TOTAL PROGRAM				$4678.1		$3510.0		$3863.6

DEPARTMENT OF DEFENSE - MILITARY

MISSILE PROCUREMENT, AIR FORCE

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-15-3020-0-1-051	BUDGET PLAN (AMOUNTS FOR PROCUREMENT ACTIONS PROGRAMED)			OBLIGATIONS		
	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
PROGRAM BY ACTIVITIES:						
DIRECT:						
1. BALLISTIC MISSILES	667,700	- 45,800	621,900	642,324	- 35,500	606,824
2. OTHER MISSILES	319,300	- 7,800	311,500	293,568	- 5,600	287,968
3. MODIFICATION OF INSERVICE MISSILES	43,400	-0-	43,400	40,947	-0-	40,947
4. SPARES AND REPAIR PARTS	47,100	-0-	47,100	39,085	-0-	39,085
5. OTHER SUPPORT	495,700	-0-	495,700	561,249	-0-	561,249
TOTAL DIRECT	1,573,200	- 53,600	1,519,600	1,577,173	- 41,100	1,536,073
REIMBURSABLE (TOTAL)	1,050	-0-	1,050	1,827	-0-	1,827
10 TOTAL	1,574,250	- 53,600	1,520,650	1,579,000	- 41,100	1,537,900
FINANCING:						
RECEIPTS AND REIMBURSEMENTS FROM:						
11 FEDERAL FUNDS	- 50		- 50	- 50		- 50
13 TRUST FUNDS	- 1,000		- 1,000	- 1,000		- 1,000
14 NON-FEDERAL SOURCES						
21 UNOBLIGATED BALANCE AVAILABLE, START OF YEAR						
FOR COMPLETION OF PRIOR YEAR BUDGET PLANS				-359,814		-359,814
AVAILABLE TO FINANCE NEW BUDGET PLANS						
REPROGRAMING FROM (-) OR TO PRIOR YEAR BUDGET PLANS						
22 UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS						
23 UNOBLIGATED BALANCE TRANSFERRED TO OTHER ACCOUNTS						
24 UNOBLIGATED BALANCE AVAILABLE, END OF YEAR						
FOR COMPLETION OF PRIOR YEAR BUDGET PLANS				355,064	- 12,500	342,564
AVAILABLE TO FINANCE SUBSEQUENT YEAR BUDGET PLANS						
40 BUDGET AUTHORITY (APPROPRIATION)	1,573,200	- 53,600	1,519,600	1,573,200	- 53,600	1,519,600

MISSILE PROCUREMENT, AIR FORCE

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 74 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Ballistic missiles	$ 667,700	-	$ 667,700	-	$ -45,800	$ -45,800	$ 621,900

The planned MINUTEMAN III missile production for FY 1974 has been reduced to limit the production rate to that attained in FY 1973. This change results in a reduction of $45,800 thousand from the previously submitted estimate. It is now planned to continue MINUTEMAN III production in FY 1975 for operational test missile requirements. The FY 1974 funds will provide for the procurement of flyaway missiles, Aerospace Ground Equipment, technical data, specialized training equipment and site activation effort for the MINUTEMAN III Intercontinental Ballistic Missile. The missiles programmed are for operational testing to determine system reliability and for the replacement of MINUTEMAN I missiles. Funds are also included for the procurement of long lead items to preserve a FY 1975 procurement option, and hardware and necessary effort required to modernize MINUTEMAN Launch and Launch Control Facilities. This includes the conversion of MINUTEMAN I sites and Launch Control Facilities to a configuration that will receive a MINUTEMAN III missile; upgrade silo hardening to enhance pre-launch survivability; and the modernization of MINUTEMAN III facilities to incorporate the Command Data Buffer system which will more effectively posture the force to maintain the Single Integrated Operational Plan (SIOP).

MISSILE PROCUREMENT, AIR FORCE

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 74 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
Other Missiles	$319,300	-	$319,300	-	$-7,800	$-7,800	$311.500

The $7,800 thousand reduction results from a decrease of $2,200 thousand from the AGM-45A SHRIKE program because of a slip in the Dash-10 Guidance and Control set and a decrease of $5,600 thousand in the AGM-69A SRAM program resulting from a price adjustment based on latest contract cost data. The FY 1974 funds now requested provide for the procurement of SHRIKE, MAVERICK, Short Range Attack Missile (SRAM), SPARROW missiles and Target Drones in accordance with DOD Logistic and Procurement guidance and established training, evaluation and pipeline requirements.

PROCUREMENT PROGRAM

DATE: ~~31 JANUARY 1973~~ SEPTEMBER 1973 EXHIBIT P-1

APPROPRIATION: Missile Procurement, Air Force ACTIVITY:

LINE NO.	ITEM NOMENCLATURE	IDENT CODE	FY 1974 UNIT COST	(MILLIONS OF DOLLARS) FY 1972		FY 1973		FY 1974	
				QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Except as otherwise annotated, individual line items are unclassified.								
	BALLISTIC MISSILES'								
1.(C)	LGM-30F/G MINUTEMAN II/III Less: Advance Procurement In Prior Year		$3.063	120	$ 468.7 (-15.7) 455.0	120	$ 406.1 (-25.0) 381.1	~~115~~ 150	370.7 ~~$ 416.5~~ ~~(-15.3)~~ ~~401.2~~ ~~355.4~~
2.	LGM-30G MINUTEMAN III Advance Procurement				23.0		15.3		13.3
3.	MINUTEMAN Force Modernization				269.2		267.2		253.2
	Total - Ballistic Missiles				(745.2)		(663.6)		~~(667.3)~~ (621.9)
	OTHER MISSILES								
4.(C)	AGM-45A SHRIKE		(D)	300	11.8	300	11.3	(D)	~~11.8~~ ~~11.0~~
5.	AGM-65A MAVERICK Less: Advance Procurement In Prior Year		.018	2000	(83.3) (-4.4) 78.9	3000	66.1	6000	107.1
6.	Aus-69A SRAM		.301	465	221.0	480	195.2	454	~~131.1~~ ~~136.7~~
7.(C)	AIM-7F SPARROW		(D)			40	9.8	(D)	51.5
8.	AIM-9 SIDEWINDER						5.1		
9.	AGM-78D STANDARD ARM					300	39.0		
10.	TARGET DRONES				7.2		2.4		13.0
	Total - Other Missiles				(318.9)		(328.9)		~~(310.3)~~ (311.5)
	MODIFICATION OF IN-SERVICE MISSILES								
	CLASS IV/V - AFLC								
11.	AQM-34 DRONE								9.1
12.	CIM-10 BOMARC								1.4
13.	CLASS IV				7.2		6.0		6.0
	UPDATE - AFSC				(7.2)		(6.0)		(16.5)
14.	MINUTEMAN				36.2		30.9		26.9
	Total - Modification of In-Service Mis				(43.4)		(36.9)		(43.4)

(D) = Deleted

PROCUREMENT PROGRAM

DATE: ~~24 JANUARY 1973~~ SEPTEMBER 1973 EXHIBIT P-1

APPROPRIATION: Missile Procurement, Air Force ACTIVITY:

LINE NO.	ITEM NOMENCLATURE	IDENT CODE	FY 1974 UNIT COST	(MILLIONS OF DOLLARS) FY 1972		FY 1973		FY 1974	
				QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	MISSILE SPARES & REPAIR PARTS								
15.	Total - Missile Spares & Repair Parts				(42.6)		(41.9)		(47.1)
	OTHER SUPPORT EQUIPMENT & FACILITIES								
16.	Industrial Facilities				2.5		3.5		3.2
17.	Defense Satellite Communications System (FY 73 & Prior Defense Communications Satellite)				4.1		2.6		51.1
18.	Defense Systems Applications Program				18.0		12.9		15.8
19.	Defense Support Program				105.2		164.9		30.3
20.	Air Force Satellite Communitations System (Formerly Military Satellite Communications System)								4.3
21.	Satellite Data System								30.1
22.	Classified Drones				14.2		16.3		5.7
23.	Special Programs				385.6		414.9		355.2
	Total - Other Support Equipment & Facilities				(529.6)		(615.1)		(495.7) 1519.6
	TOTAL DIRECT PROGRAM				$1679.7		$1686.4		~~$1673.0~~
	REIMBURSABLE PROGRAM				8.8		5.5		1.1
	TOTAL PROGRAM				$1688.5		$1691.9		~~$1674.3~~ 1520.7

DEPARTMENT OF DEFENSE - MILITARY

OTHER PROCUREMENT, AIR FORCE

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-15-3080-0-1-051	BUDGET PLAN (AMOUNTS FOR PROCUREMENT ACTIONS PROGRAMED)			OBLIGATIONS		
	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
PROGRAM BY ACTIVITIES:						
DIRECT:						
1. MUNITIONS AND ASSOCIATED EQUIPMENT	598,500	-15,000	583,500	596,649	-15,000	581,649
2. VEHICULAR EQUIPMENT	52,000	-	52,000	56,503	-	56,503
3. ELECTRONICS AND TELECOMUNICATIONS EQUIPMENT	337,200	-	337,200	315,170	-	315,170
4. OTHER BASE MAINTENANCE AND SUPPORT EQUIPMENT	1,017,200	+15,000	1,032,200	1,025,547	+15,000	1,040,547
TOTAL DIRECT	2,004,900	-	2,004,900	1,993,869	-	1,993,869
REIMBURSABLE (TOTAL)	50,000	-	50,000	48,131	-	48,131
10 TOTAL	2,054,900	-	2,054,900	2,042,000	-	2,042,000
FINANCING:						
RECEIPTS AND REIMBURSEMENTS FROM:						
11 FEDERAL FUNDS	-11,700	-	-11,700	-11,700	-	-11,700
13 TRUST FUNDS	-38,000	-	-38,000	-38,000	-	-38,000
14 NON-FEDERAL SOURCES	-300	-	-300	-300	-	-300
21 UNOBLIGATED BALANCE AVAILABLE, START OF YEAR						
FOR COMPLETION OF PRIOR YEAR BUDGET PLANS						
AVAILABLE TO FINANCE NEW BUDGET PLANS				-325,654	-	-325,654
REPROGRAMING FROM (-) OR TO PRIOR YEAR BUDGET PLANS						
22 UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS						
23 UNOBLIGATED BALANCE TRANSFERRED TO OTHER ACCOUNTS						
24 UNOBLIGATED BALANCE AVAILABLE, END OF YEAR						
FOR COMPLETION OF PRIOR YEAR BUDGET PLANS						
AVAILABLE TO FINANCE SUBSEQUENT YEAR BUDGET PLANS				338,554	-	338,554
BUDGET AUTHORITY	2,004,900	0	2,004,900	2,004,900	0	2,004,900

OTHER PROCUREMENT, AIR FORCE

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Munitions and Associated Equipment	598,500	-	598,500	-15,000	0	-15,000	583,500

JUSTIFICATION

This is a net adjustment resulting from an overall revision of the Munitions Program subsequent to the submission of the President's Budget in January 1973. The Military Assistance Service Funded (MASF) Program of $226.7 million was reduced $188.2 million to a revised approved program of $38.5 million. $173.2 million of the MASF Program reduction was reapplied to the basic Air Force program for the procurement of War Reserve munitions essential to the readiness posture of US Forces and $15.0 million was programmed to meet munition First Destination Transportation requirements.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Other Base Maintenance and Support Equipment	1,017,200	-	1,017,200	15,000	0	15,000	1,032,200

JUSTIFICATION

Program review since preparation of the President's Budget has revealed that the estimate for First Destination Transportation was understated. Refined pricing confirms that an additional $15.0 million is needed to fund First Destination Transportation requirements during FY 1974.

EXHIBIT P-1

PROCUREMENT PROGRAM

FISCAL YEAR 1974 PRESIDENT'S BUDGET

OTHER PROCUREMENT APPROPRIATION, AIR FORCE

DOLLARS IN MILLIONS

PROGRAM/ACTIVITY	FY 1972	FY 1973	FY 1974
MUNITIONS	742.3	820.0	583.5 ~~598.5~~
VEHICLES	52.9	32.2	52.0
ELECTRONICS & TELECOMMUNICATIONS	231.0	234.8	337.2
O/BASE MAINTENANCE & SUPPORT EQ	547.8	992.8	1,032.2 ~~1,017.2~~
TOTAL P-1	1,574.0	2,079.8	2,004.9

PROCUREMENT PROGRAM

EXHIBIT P-1

DATE: 24 JANUARY 1973

APPROPRIATION: OTHER PROCUREMENT

ACTIVITY: MUNITIONS AND ASSOCIATED EQUIPMENT

LINE NO.	ITEM NOMENCLATURE	IDENT CODE	FY 74 UNIT COST	(MILLIONS OF DOLLARS) FY 1972		FY 1973		FY 1974	
				QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	ROCKETS AND LAUNCHERS								
1.	2.75" ROCKET MOTOR, MK-40	A	24	760,000	15.3	805,680	19.3	1,446,722 ~~1,197,217~~	31.9 ~~23.4~~
2.	2.75" ROCKET HEAD, FRAGMENTATION	A	17	410,392	5.7	599,622	9.9	717,775 ~~648,502~~	9.4 ~~14.1~~
3.	2.75" ROCKET HEAD, W.P.	A	17	394,608	4.7	113,884	1.9	452,540 ~~993,987~~	8.3 ~~9.1~~
4.	LAUNCHER, LAU-68	A	300	7,788	2.3	2,882	.9	4091 ~~4,881~~	1.2 ~~2.1~~
5.	MB-1 ROCKET MOTOR	A	-	552	1.6	859	4.1	376 ~~995~~	2.5 ~~9.1~~
6.	METEOROLOGICAL PROBE, PWN-8B	A	835	1,456	1.2	1,082	.9	988 ~~870~~	.9 ~~.9~~
7.	ITEMS LESS THAN $500,000	A	-	-	1.9	-	1.4	-	1.3 ~~1.0~~
8.	2.75" ROCKET, 17LB FRAG - M229	A	44	-	-	251,600	11.1	~~304,660~~	~~13.0~~ -
9.	LAUNCHER, M200A1	A	600	-	-	1,734	1.0	~~1,330~~	~~.8~~ -
	SUB-TOTAL				32.7		50.5		54.5 ~~66.0~~
	CARTRIDGES (THOUSANDS OF ROUNDS)								
10.	7.62MM M-13 LINK	A	90	159,999	12.9	205,347	18.5	369,149 ~~403,438~~	31.4 ~~36.5~~
11.	20MM TRAINING	A	900	31,349	26.9	9,568	9.1	12,652 ~~17,990~~	12.1 ~~16.9~~
12.	20MM COMBAT	A	1,350	12,867	17.0	8,000	11.6	9,226 ~~18,738~~	12.5 ~~26.5~~
13.	CALIBER .38	A	70	34,224	1.7	14,069	1.0	26,316 ~~34,472~~	1.8 ~~1.7~~
14.	SIGNAL MK-4 MOD 3	A	350	1,867	.6	717	.2	1,151 ~~3,188~~	.4 ~~.7~~
15.	ITEMS LESS THAN $500,000	A	-	-	4.4	-	3.2	-	2.0 ~~3.0~~
16.	105MM HE M1	A	34	-	-	150	5.9	185 ~~205~~	7.2 ~~6.6~~
17.	5.56 BALL	A	60	54,067	2.5	-	-	37,887 ~~31,171~~	2.3 ~~1.9~~
18.	ENGINE STARTER, MXU-4A	-	16,000	-	-	150	2.4	-	-
19.	CARTRIDGE, IMPULSE ARD-863-1	-	-	2,352	1.6	881	.6	1,889	1.3
20.	40MM PRACTICE M385	-	-	265	.7	-	-	-	-
21.	ENGINE STARTER, MXU-129/A	-	-	48	.7	-	-	-	-
	SUB-TOTAL				69.0		52.5		75.2 ~~80.0~~
	40MM HEI-P PGU-9A/B							256	2.3
	RR-136 CHAFF							194	1.2
	105MM W.P.							12	.7

PROCUREMENT PROGRAM

EXHIBIT P-1

DATE: 24 JANUARY 1973

APPROPRIATION: OTHER PROCUREMENT

ACTIVITY: MUNITIONS AND ASSOCIATED EQUIPMENT

LINE NO.	ITEM NOMENCLATURE	IDENT CODE	FY 1974 UNIT COST	(MILLIONS OF DOLLARS) FY 1972		FY 1973		FY 1974	
				QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	BOMBS								
22.	DISPENSER & BOMB, CBU-25	A	610	45,459	27.8	39,500	25.5	~~50,000~~	~~34.0~~
23.	DISPENSER & BOMB, CBU-52	A	900	18,960	16.2	22,950	22.2	35,350 ~~37,100~~	35.5 ~~34.4~~
24.	DISPENSER & BOMB, CBU-55	A	1,500	650	1.9	14,200	21.4	~~9,554~~	~~14.3~~
25.	DISPENSER & BOMB, CBU-58	A	940	33,000	28.1	43,200	42.6	37,288 ~~40,448~~	34.9 ~~38.0~~
26.	DISPENSER & BOMB, CBU-71	A	1,506	-	-	-	-	14,132 ~~10,000~~	21.2 ~~15.0~~
27.	CLUSTER BOMB, MK-20 (ROCKEYE)	A	2,750	5,853	15.9	16,400	45.1	10,506 ~~15,000~~	28.2 ~~41.2~~
28.	BOMB, GP, 250LB, MK-81	A	117	206,388	22.5	249,000	29.2	13,500 ~~282,015~~	1.7 ~~31.1~~
29.	BOMB, GP, 500LB, MK-82	A	135	1,261,500	167.8	1,447,400	210.5	829,000 ~~331,050~~	120.7 ~~44.8~~
30.	BOMB, GP, 2,000LB, MK-84	A	580	9,232	5.4	20,400	11.8	34,000 ~~10,000~~	24.6 ~~6.0~~
31.	BOMB, GP, 750LB, M-117	A	229	653,752	135.4	544,400	114.3	215,700 ~~198,900~~	56.3 ~~38.6~~
32.	LASER BOMB GUIDANCE KIT	A	3,208	16,364	40.7	4,600	19.6	4,000 ~~4,000~~	12.4 ~~15.4~~
33.	E-O BOMB GUIDANCE KIT	A	17,269	785	13.8	700	11.9	- ~~700~~	5.5 ~~13.5~~
34.	ANTI-PAM, 500LB, BLU-32	A	158	54,800	8.1	59,400	9.4	13,742 ~~48,441~~	2.7 ~~7.6~~
35.	BOMB, SMOKE, PWP M47A4	A	236	1,430	.4	2,466	.6	~~1,386~~	~~.3~~
36.	BOMB, 500LB, MK-82 EMPTY	A	65	22,188	1.4	31,937	2.1	64,432 ~~42,000~~	4.6 ~~3.3~~
37.	BOMB, PRACTICE BDU-33	A	4	1,500,000	6.0	390,000	1.6	817,560 ~~810,648~~	4.5 ~~3.9~~
38.	BOMB, PRACTICE MK-106	A	4	355,664	1.1	137,656	.6	362,725 ~~348,484~~	1.3 ~~1.4~~
39.	ITEMS LESS THAN $500,000	A	-	-	1.2	-	.3	-	2.0 ~~.7~~
40.	ANTI-PAM, BLU-27 EMPTY	A	125	15,204	1.9	-	-	~~10,000~~	~~1.3~~
41.	BOMB, BDU-12/B	A	1,180	-	-	-	-	484	~~.6~~
42.	BOMB, LEAFLET, M129E2	-	-	4,750	1.9	9,100	3.7	16,884	5.6
43.	DME GUIDANCE KIT	-	-	10	1.8	180	3.9	-	-
44.	MODULAR GUIDED GLIDE BOMB	-	-	-	-	40	5.1	-	-
45.	BOMB, GP, 1,000LB, MK-83	-	-	-	-	26,200	9.4	-	-
46.	DISPENSER & BOMB, CBU-38	-	-	11,100	31.1	-	-	-	-
47.	ANTI-PAM 750lb BLU 27/B BOMBLET, BLU-26, LAP	-	-	2,237,600	1.5	-	-	10,401	2.4
	SUB-TOTAL				531.9		590.8		~~362.1~~ ~~346.9~~
	TARGETS								
48.	TDU-10/B	A	131	1,902	.2	1,755	.2	1,452 ~~4,906~~	.2 ~~.6~~
49.	ITEMS LESS THAN $500,000	A	-	-	1.3	-	.3	-	.4 ~~.8~~
	SUB-TOTAL				1.5		.5		.6 ~~1.4~~

PROCUREMENT PROGRAM

EXHIBIT P-1

DATE: 24 JANUARY 1973

APPROPRIATION: OTHER PROCUREMENT

ACTIVITY: MUNITIONS AND ASSOCIATED EQUIPMENT

LINE NO.	ITEM NOMENCLATURE	IDENT CODE	FY 1974 UNIT COST	(MILLIONS OF DOLLARS) FY 1972		FY 1973		FY 1974	
				QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	OTHER ITEMS								
50.	FLARE, PARACHUTE MK-24/LUU-2	A	60	451,000	20.5	206,150	12.3	120,000 ~~480,000~~	7.2 ~~28.8~~
51.	ARMING WIRE W/ACCESSORIES	A	-	-	.7	-	1.9	-	~~.1~~
52.	PROJECT "SERVICE STAR"	A	-	-	.1	-	.5	-	~~-~~
53.	SPARES AND REPAIR PARTS	A	-	-	3.5	-	3.5	-	3.0
54.	MODIFICATIONS	A	-	-	8.5	-	1.5	-	~~1.7~~ ~~1.0~~
55.	ITEMS LESS THAN $500,000	A	-	-	4.8	-	5.1	-	~~5.0~~ ~~4.0~~
56.	GROUND SIGNAL, WHITE STAR	A	5	169,632	.9	56,284	.3	~~-~~ ~~45,329~~	~~-~~ ~~.2~~
57.	SIGNAL SMOKE & ILLUM MK6	A	23	13,800	.4	21,300	.5	40,249 ~~31,895~~	1.2 ~~.7~~
58.	FLARE, TARGET MARKING, LUU-1/LUU-5	A	44	-	-	16,546	.7	18,210 ~~15,344~~	.8 ~~.6~~
59.	MAU-129/A (T-LUG)	A	4	-	-	503,100	1.9	708,000 ~~196,000~~	3.3 ~~.8~~
60.	SIX DIGIT PAL DEVICES	A	-	-	-	-	1.4	-	2.1 ~~3.0~~
61.	FLARE, I.R., RR-119 A/L	A	114	8,009	.9	-	*	~~-~~ ~~1,336~~	~~-~~ ~~.2~~
62.	TARGET MARKER LUU-8/10/11 DISPENSER, SUU-36 & LAP	-	-	5,726	1.4	-	-	10,000 ~~-~~	2.2 ~~-~~
	SUB-TOTAL				41.7		29.6		27.6 ~~42.6~~
	FUZES								
63.	M904 NOSE	A	13	1,809,030	20.7	2,245,150	29.2	766,195 ~~730,466~~	11.0 ~~9.7~~
64.	M905 TAIL	A	15	984,900	15.5	1,662,600	24.2	707,023 ~~490,000~~	8.6 ~~7.4~~
65.	FMU-7 (SET)	A	26	36,260	1.3	22,526	.6	15,784 ~~10,491~~	.6 ~~.5~~
66.	FMU-56 PROXIMITY	A	320	40,100	14.3	120,000	39.6	110,000 ~~99,000~~	36.3 ~~32.4~~
67.	FUZE DELAY ELEMENTS M-9	A	1	2,720,000	1.6	2,700,000	1.8	2,791,370 ~~1,363,130~~	1.4 ~~1.3~~
68.	M557, POINT DETONATING	A	5	-	-	150,000	.7	~~-~~ ~~81,509~~	~~-~~ ~~.4~~
69.	FMU-54	A	85	-	-	-	-	~~-~~ ~~100,000~~	~~-~~ ~~10.3~~
70.	FMU-72 LONG DELAY MK-339	-	-	50,000	12.0	-	-	35,424	5.5 ~~.1~~
71.	ITEMS LESS THAN $500,000	-	-	-	.1	-	-	-	~~-~~
	SUB-TOTAL				65.5		96.1		63.5 ~~60.1~~
	TOTAL MUNITIONS & ASSOCIATED EQUIPMENT				742.3		820.0		598.5 ~~590.5~~

*Less Than $50,000

PROCUREMENT PROGRAM

EXHIBIT P-1

DATE: 24 JANUARY 1973

APPROPRIATION: OTHER PROCUREMENT

ACTIVITY: OTHER BASE MAINTENANCE & SUPPORT EQUIP

LINE NO.	ITEM NOMENCLATURE	IDENT CODE	FY 1974 UNIT COST	(MILLIONS OF DOLLARS) FY 1972		FY 1973		FY 1974	
				QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	BASE SUPPORT EQUIPMENT								
232.	BASE PROCURED EQUIPMENT	-	-	-	23.1	-	24.5	-	25.0
233.	RELOCATABLE CLASSROOMS	A		-	-	-	-		3.0
234.	BARRIER, AIRCRAFT ARRESTING SYSTEM	A	-	44	1.6	13	.5	-	-
235.	LAUNDRY & DRY CLEANING EQUIPMENT	A	-	-	.5	-	.8	-	.3
236.	PALLET, AIR CARGO, 108" x 88"	A	353	12,000	3.0	17,512	4.4	12,000	3.0
237.	NET ASSEMBLY, 108" x 88"	A	-	-	1.1	-	1.2	-	1.2
238.	FUEL SERVICING UNIT MH-2	A	7,000	99	.7	100	.7	222	1.6
239.	PUMPS AND COMPRESSORS	A	-	-	1.5	-	.4	-	.5
240.	ITEMS LESS THAN $500,000	A	-	-	1.9	-	2.3	-	2.4
241.	SPARES & REPAIR PARTS	A	-	-	4.5	-	4.7	-	3.7
242.	PHOTOGRAPHIC EQUIPMENT	A	-	-	.8	-	1.3	-	1.0
	SUB-TOTAL				38.7		40.8		41.7
	SPECIAL SUPPORT PROJECTS								
243.	INTELLIGENCE PRODUCTION ACTIVITY	A	-	-	.7	-	.9	-	1.0
244.	MAPPING, CHARTING & GEODESY	-	-	-	.3	-	.5	-	-
245.	MANUAL RADAR RECON EXPLOIT SYSTEM	-	-	-	2.0	-	-	-	-
246.	SCIENTIFIC & TECHNICAL INTELLIGENCE	A	-	-	2.9	-	2.5	-	3.9
247.	AF TECHNICAL APPLICATION CENTER	A	-	-	.7	-	1.8	-	4.4
248.	FIRST DESTINATION TRANSPORTATION	-	-	-	45.4	-	43.1	-	541 ~~50.1~~
249.	INDUSTRIAL FACILITIES	A	-	-	1.8	-	2.0	-	2.0
250.	MODIFICATIONS	A	-	-	.8	-	.5	-	1.0
251.	BARE BASE SUPPORT PROGRAM	-	-	-	59.1	-	-	-	-
252.	FREE WORLD FORCES	-	-	-	5.5	-	.6	-	-
253.	SELECTED ACTIVITIES	-	-	-	328.9	-	851.0	-	874.2
	SUB-TOTAL				458.1		902.9		~~933.6~~ 937.6
	TOTAL-O/BASE MAINT & SUPT EQUIP				547.8		992.8		1034.2 ~~1,019.8~~

DEPARTMENT OF DEFENSE - MILITARY

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY

15 JAN 73

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-20-2040-0-1-051

		BUDGET PLAN			OBLIGATIONS	
	FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT	FY 1974 REVISED REQUEST	FY 1974 REQUEST PENDING	FY 1974 PROPOSED AMENDMENT	FY 1974 REVISED REQUEST
PROGRAM BY ACTIVITIES:						
DIRECT:						
1. MILITARY SCIENCES	187,400	.....	187,400	179,000	.....	179,000
2. AIRCRAFT AND RELATED EQUIPMENT	301,400	-6,200	295,200	302,000	-6,200	295,800
3. MISSILES AND RELATED EQUIPMENT	967,200	+1,073	968,273	966,000	+1,073	967,073
4. MILITARY ASTRONAUTICS AND RELATED EQUIPMENT	17,900	.....	17,900	18,000	.....	18,000
6. ORDNANCE, COMBAT VEHICLES, AND RELATED EQUIPMENT	240,800	-8,400	232,400	241,000	-8,400	232,600
7. OTHER EQUIPMENT	335,900	+27	335,927	340,000	+27	340,027
8. PROGRAMWIDE MANAGEMENT AND SUPPORT	58,100	.....	58,100	56,500	.....	56,500
TOTAL DIRECT	2,108,700	-13,500	2,095,200	2,102,500	-13,500	2,089,000
REIMBURSABLE (TOTAL)	151,000	.....	151,000	151,500	.....	151,500
10 TOTAL	2,259,700	-13,500	2,246,200	2,254,000	-13,500	2,240,500
FINANCING:						
RECEIPTS AND REIMBURSEMENTS FROM:						
11 FEDERAL FUNDS	-149,500	.....	-149,500	-149,500	.....	-149,500
13 TRUST FUNDS	.....	.....	.....	.....	.....	.....
14 NON-FEDERAL SOURCES	-1,500	.....	-1,500	-1,500	.....	-1,500
21 UNOBLIGATED BALANCE AVAILABLE, START OF YEAR						
FOR COMPLETION OF PRIOR YEAR BUDGET PLANS	.....	.....	.....	.....	.....	.....
AVAILABLE TO FINANCE NEW BUDGET PLANS	.....	.....	.....	-108,183	.....	-108,183
REPROGRAMING FROM (-) OR TO PRIOR YEAR BUDGET PLANS	.....	.....	.....	.....	.....	.....
22 UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS	.....	.....	.....	.....	.....	.....
23 UNOBLIGATED BALANCE TRANSFERRED TO OTHER ACCOUNTS	.....	.....	.....	.....	.....	.....
24 UNOBLIGATED BALANCE AVAILABLE, END OF YEAR						
FOR COMPLETION OF PRIOR YEAR BUDGET PLANS	.....	.....	.....	.....	.....	.....
AVAILABLE TO FINANCE SUBSEQUENT YEAR BUDGET PLANS	.....	.....	.....	113,883	.....	113,883
25 UNOBLIGATED BALANCE LAPSING	.....	.....	.....	.....	.....	.....
UNOBLIGATED BALANCE LAPSING, BUD PLAN	.....	.....	.....	.....	.....	.....
BUDGET AUTHORITY	2,108,700	-13,500	2,095,200	2,108,700	-13,500	2,095,200
BUDGET AUTHORITY:						
40 APPROPRIATION	2,108,700	-13,500	2,095,200	2,108,700	-13,500	2,095,200
41 TRANSFERRED TO OTHER ACCOUNTS	.....	.....	.....	.....	.....	.....
42 TRANSFERRED FROM OTHER ACCOUNTS	.....	.....	.....	.....	.....	.....
43 APPROPRIATION (ADJUSTED)	2,108,700	-13,500	2,095,200	2,108,700	-13,500	2,095,200
44.95 JAN 1973 PAY INCREASE SUPPLEMENTAL/AMENDMENT	.....	.....	.....	.....	.....	.....

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY
(In Thousands of Dollars)

2. Aircraft and Related Equipment			January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Element Code	Project Number	Title							
6.42.06.A		Utility Tactical Transport Aircraft System (UTTAS)	$108,885	$ 60	$108,825	$0	$-6,200	$-6,200	$102,625
	D378	Utility Tactical Transport Aircraft System	$92,242	$ 60	$92,182	$0	$-6,200	$-6,200	$85,982

The FY 1974 revised request reflects a reduction in the number of flying UTTAS prototypes from six to three prototypes per contractor.

FY 1974 RDT&E DESCRIPTIVE SUMMARY

Program Element #6.42.06.A Title Utility Tactical Transport Aircraft System (UTTAS)

Category Engineering Development Budget Activity #2 - Aircraft and Related Equipment

BACKGROUND AND DESCRIPTION: The UTTAS program started with the development objective in 1965. Concept Formulation studies started in 1967 with a purpose of defining the required performance parameters for the UTTAS primary and secondary missions. The primary mission consisted of the assault delivery of troops and supplies and aeromedical evacuation as a secondary mission. The various intensities of warfare levels were inserted into the UTTAS' aircraft design parameters. The UTTAS will be the Army's first true infantry squad carrying helicopter. It is designed specifically to lift an infantry squad with its normal attachments in a tactical troop assault and related combat support missions now performed by the UH-1 series helicopter. The UTTAS will replace the UH-1 in the air assault, air cavalry and aero med-evacuation missions. The UTTAS provides a follow-on helicopter with increased payload and substantially improved reliability, maintainability, survivability, crashworthiness and performance. With a crew of three the UTTAS will be capable of transporting 11 combat equipped troops or an equivalent payload at 4000 feet pressure altitude, 95° F ambient temperature and provide the following performance: a cruise airspeed of 145-175 knots true airspeed; a mission endurance of 2.3 hours; and hover out of ground effect and achieve a 450-550 feet per minute rate of climb at zero airspeed using not more than 95% military rated power. The Army will conduct a competitive flyoff and the winner will receive a production contract award for approximately 1100 UTTAS helicopters.

RELATED ACTIVITIES: Multiservice requirements of both the US Navy and US Air Force have been coordinated with the Army and inputs have been effected into the development of the UTTAS. Other related activities include: reliability and maintainability improvements for the airframe and its dynamic components; electrical/mechanical control systems studies; continuing work on avionics subsystems; and engine development.

WORK PERFORMED BY: The GE T-700 engine development is being conducted by General Electric of W. Lynn, MA. Airframe development contracts were let with Boeing-Vertol of Morton, PA, and Sikorsky Aircraft of Stratford, CT.

PROGRAM ACCOMPLISHMENTS AND FUTURE PROGRAMS:

1. FY 1972 and Prior Accomplishments:

a. FY 1971 and prior accomplishments. Through FY 1968, the UTTAS program was concerned with studying the mission requirements of the utility helicopter and defining the type of aircraft to meet the Army's need for a combat assault utility helicopter to replace the UH-1 fleet. By the end of FY 1969 these studies had proceeded through the Concept Formulation Phase II stage wherein various capabilities and characteristics for the most effective, least cost (life cycle) UTTAS aircraft were defined. The FY 1970 was devoted to the conduct of cost effectiveness comparisons of the UTTAS against DOD inventory aircraft i.e., UH-1N (USAF) CH-46 (USMC), S-61 (USN), and the UH-1H (USA). These comparisons were made by defining cost and performance and then evaluating the effectiveness of the various systems. During FY 1971, the cost effectiveness studies conducted during FY 1970, were completed.

Budget Activity #2 - Aircraft and Related Equipment

Program Element # 6.42.06.A Title Utility Tactical Transport Aircraft System (UTTAS)

The next series of studies then compared the proposed UTTAS with the most competitive US and foreign aircraft: the Westlands/SUD, SA-330 PUMA, the Bell Helicopter Company's proposed UH-1H(+), and the Army-conceived Advanced UH-1H helicopter equipped with an Advance Technology Engine. In addition, program funds supported in-house efforts to prepare a Systems Development Plan, a Development Concept Paper, Request for Proposals, and a Determination and Findings. As a result of the studies and comparisons, the UTTAS was judged to be the most effective means of fulfilling the tactical assault utility helicopter requirements. The development program was approved by DOD on 22 June 1971.

b. FY 1972 accomplishments. Request for Quotation (RFQ) for the UTTAS propulsion system was presented to industry on 30 July 1971. The Source Selection Evaluation of that RFQ resulted in the selection of General Electric as the engine developer. A development contract was signed with General Electric on 6 March 1972. The air vehicle Request for Proposal (RFP) was presented to industry on 5 January 1972. Proposals, which were evaluated by the Source Selection Evaluation Board, were received from Bell Helicopter Company, Boeing-Vertol, and Sikorsky Aircraft on 29 March 1972.

2. FY 1973 Program: The evaluation of the airframe RFPs resulted in contract awards to Boeing-Vertol and Sikorsky Aircraft on 30 August 1972. The initial design layouts and release of detail drawings for fabrication of airframe hardware will be the major efforts during this Fiscal Year. The airframe contractors will also begin prototype construction to achieve a First Flight by 2nd Quarter of FY 1975. Engine development during the initial 12 months after contract award is concentrated on design layouts, detail drawings and the release of drawings for fabrication of hardware. The first engine to test is scheduled for March 1973.

3. FY 1974 Planned Program: Fabrication of flyable aircraft prototypes, Static Test Article and Ground Test Vehicle will continue during FY 1974. Bench testing of aircraft dynamic components will start during the 3rd Quarter. The airframe critical design review, delivery of the Ground Test Vehicle engines and contractor's main rotor whirl test are planned for FY 1974.

4. Program to Completion: The UTTAS program will be a continuing effort until the engine is fully developed through Military Qualification Testing (MQT). An airframe flyoff competition will start in January 1976 and will be completed in November 1976. The winner of the flyoff competition will receive a production contract award with initial production delivery scheduled for FY 1979.

Budget Activity #2 - Aircraft and Related Equipment

Program Element # 6.42.06.A Title Utility Tactical Transport Aircraft System (UTTAS)

5. Major Milestones:

	Date	Estimated Cost to Reach Events (Cumulative)
a. Engine Development Contract Award	Mar 1972	0
b. Prototype Development Contracts Awarded	Aug 1972	15.8
c. First Flight	Nov 1974	201.0
d. Engine Military Qualification Test (150 hours)	Dec 1975	289.1
e. Prototype Evaluation Completed	Nov 1976	346.4
f. Limited Production Contract	Mar 1977	377.4
g. Production Award	Mar 1979	414.7

RESOURCES: ($ in Millions)

		FY 1972 and Prior	FY 1973	FY 1974	Additional to Completion	Total Estimated Cost
RDT&E:	Funds	34.1	50.4	102.7	227.5	414.7
	Quantities					16
Procurement:						
	Funds	0	0	0	1924.5	1924.5
	Quantities				1107	1107

FY 1974 RDT&E DESCRIPTIVE SUMMARY

Program Element # 6.42.06.A

Title Utility Tactical Transport Aircraft System (UTTAS)

Project # D378

Title Utility Tactical Transport Aircraft System (UTTAS)

Category Engineering Development

Budget Activity #2 - Aircraft and Related Equipment

BACKGROUND AND DESCRIPTION: The UTTAS program started with the development objective in 1965. Concept Formulation studies started in 1967 with a purpose of defining the required performance parameters for the UTTAS primary and secondary missions. The primary mission consisted of the assault delivery of troops and supplies and aeromedical evacuation as a secondary mission. The various intensities of warfare levels were inserted into the UTTAS' aircraft design parameters. The UTTAS will be the Army's first true infantry squad carrying helicopter. It is designed specifically to lift an infantry squad with its normal attachments in a tactical troop assault and related combat support missions now performed by the UH-1 series helicopter. The UTTAS will replace the UH-1 in the air assault, air cavalry and aero med-evacuation missions. The UTTAS provides a follow-on helicopter with increased payload and substantially improved reliability, maintainability, survivability, crashworthiness and performance. With a crew of three the UTTAS will be capable of transporting 11 combat equipped troops or an equivalent payload at 4000 feet pressure altitude, 95° F ambient temperature and provide the following performance: a cruise airspeed of 145-175 knots true airspeed; a mission endurance of 2.3 hours; and hover out of ground effect and achieve a 450-550 feet per minute rate of climb at zero airspeed using not more than 95% military rated power. The Army will conduct a competitive flyoff and the winner will receive a production contract award for approximately 1100 UTTAS helicopters.

RELATED ACTIVITIES: Coordination with both the US Navy and US Air Force have been effected to coordinate the multiservice requirements into the development of the UTTAS. Other related activities include: reliability and maintainability improvements for the airframe and its dynamic components; electrical/mechanical control systems studies; and continued efforts on the avionics subsystems.

WORK PERFORMED BY: Airframe development contracts for the fabrication of engineering prototypes were let with Boeing-Vertol of Morton, PA, and Sikorsky Aircraft of Stratford, CT.

PROGRAM ACCOMPLISHMENTS AND FUTURE PROGRAMS:

1. FY 1972 and Prior Accomplishments:

a. FY 1971 and prior accomplishments. Through FY 1968, the UTTAS program was concerned with studying the mission requirements of the utility helicopter and defining the type of aircraft to meet the Army's need for a combat assault utility helicopter to replace the UH-1 fleet. By the end of FY 1969 these studies had proceeded through the Concept Formulation Phase II stage wherein various capabilities and characteristics for the most effective, least cost (life cycle) UTTAS aircraft were defined. The FY 1970 was devoted to the conduct of cost effectiveness comparisons of the UTTAS against DOD inventory aircraft, i.e., UH-1N (USAF), CH-46 (USMC), S-61 (USN), and the UH-1H (USA). These comparisons were made by defining cost and performance and then

evaluating the effectiveness of the various systems. During FY 1971, the cost effectiveness studies conducted during FY 1970, were completed. The next series of studies then compared the proposed UTTAS with the most competitive US and foreign aircraft: the Westlands/SUD, SA-330 PUMA, the Bell Helicopter Company's proposed UH-1H(+), and the Army-conceived Advanced UH-1H helicopter equipped with an Advance Technology Engine. In addition, program funds supported in-house efforts to prepare a Systems Development Plan, a Development Concept Paper, Request for Proposals, and a Determination and Findings. As a result of the studies and comparisons, the UTTAS was judged to be the most effective means of fulfilling the tactical assault utility helicopter requirements. The development program was approved by DOD on 22 June 1971.

b. FY 1972 accomplishments. The Air Vehicle Request for Proposal (RFP) was presented to industry on 5 January 1972. Proposals which were evaluated by the Source Selection Evaluation Board were received from Bell Helicopter Company, Boeing-Vertol, and Sikorsky Aircraft on 31 March 1972.

2. FY 1973 Program: The evaluation of the airframe RFPs resulted in contract awards to Boeing-Vertol and Sikorsky Aircraft on 30 August 1972. The major efforts during FY 73 will be the initial aircraft design layouts and release of detail drawings for the fabrication of airframe hardware and components. Fabrication of flyable prototypes, the Static Test Article and Ground Test Vehicle will also start during this fiscal year. The major milestone to be accomplished during FY 73 is the Preliminary Design Review.

3. FY 1974 Planned Program: The two contractors will continue fabrication of the flyable prototypes, Static Test Article and the Ground Test Vehicle during FY 1974. Testing of the Ground Test Vehicle, main rotor whirl tests and bench testing of the aircraft's dynamic components will start during this fiscal year. The Critical Design Review and UTTAS mockup review are the major milestones to be accomplished during this period.

4. Program to Completion: An Army managed competitive flyoff is scheduled for January-November 1976. The winner of the flyoff will receive a production contract award with the initial production delivery scheduled for FY 1979.

5. Major Milestones:

	Date	Estimated Cost to Reach Events (Cumulative) *
a. Prototype Development Contracts Awarded	Aug 72	0
b. First Flight	Nov 74	127.0
c. Prototype Evaluation Completed	Nov 76	144.8
d. Limited Production Contract	Mar 77	227.0
e. Program Completion	Jun 78	265.0

* Does not include $81.2 for engine procurement and support.

Budget Activity #2 - Aircraft and Related Equipment

Program Element # 6.42.06.A Title Utility Tactical Transport Aircraft System (UTTAS)

Project # D378 Title Utility Tactical Transport Aircraft System (UTTAS)

RESOURCES: ($ in Millions)

	FY 1972 and Prior	FY 1973	FY 1974	Additional to Completion	Total Estimated Cost
RDT&E: Funds	23.5	36.4	86.0	200.4	346.3
Quantities					
Procurement: Funds	0	0	0	689.6*	689.6 *
Quantities				1107	1107

* Does not include cost of spares, training,ground support equipment, etc.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY
(In Thousands of Dollars)

3. Missiles and Related Equipment			January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Element Code	Project Number	Title							
6.53.01.A	D614	Kwajalein Missile Range	$69,800	$ 100	$69,700	$0	$ 897	$ 897	$70,597
6.53.02.A	D240	White Sands Missile Range	73,400	2,100	71,300	0	176	176	71,476

The FY 1974 revised request occurs as a result of the increased cost of petroleum, oils, and lubricants (POL).

FY 1974 RDT&E DESCRIPTIVE SUMMARY

Program Element # 6.53.01.A Title Kwajalein Missile Range (KMR)

Category Management and Support Budget Activity #3-Missiles and Related Equipment

BACKGROUND AND DESCRIPTION: Kwajalein Missile Range (KMR) is a national missile range managed and operated by the Army for the purpose of strategic offensive missile, ballistic missile defense and space defense testing. The Commander, US Army SAFEGUARD System Command is the National Range Commander for KMR. KMR utilizes fifteen islands in the Kwajalein Atoll which is located some 2100 miles southwest of Honolulu. Most of the activities and population of KMR are located on the islands of Kwajalein, at the southern tip of the Atoll, Roi-Namur, at the northern tip, and Meck, 17 miles northeast of Kwajalein. This isolated civilian community of almost 5000 people is under the direction of the Commander, KMR with a small Army and civil service staff of approximately 50 personnel. The remaining operating personnel are predominately civilian contractor personnel who fall into four general categories: logistic support, technical range support, construction, and the prime and subcontractors for the major range-user programs. The principal range-user programs with sizeable concentrations of equipment and personnel at KMR are the SAFEGUARD System and the Advanced Ballistic Missile Defense Program. The other major users are the Air Force and Navy ICBM/SLBM programs which fire ATLAS, TITAN, MINUTEMAN, POLARIS, AND POSEIDON missiles into the KMR area.

RELATED ACTIVITIES: KMR is one of two national ranges managed by the Army, the other being White Sands Missile Range (WSMR). The four other national ranges are the Air Force's Eastern Test Range (AFETR), Space and Missile Test and Evaluation Center (SAMTEC), the Satellite Control Facility (SCF), Sunnyvale, California and the Navy's Pacific Missile Range (PMR). The Air Force launches its ICBMs into the KMR area from SAMTEC at Vandenberg Air Force Base, California; therefore, there is close and continuous coordination between KMR and SAMTEC. Similarly, there is coordination with PMR in the launchings of the Navy SLBMs into the KMR area. The Joint Pacific Area Scheduling Office (JPASO) at SAMTEC schedules all Pacific reentry test operations including the utilization of each range's sensor assets. This provides optimum support to all DOD programs while avoiding duplication and ineffeciency.

WORK PERFORMED BY: Military, civil service and contractor personnel. The current logistical support and technical support contractors are Global Associates, Inc., Oakland, California and Kentron Hawaii, Ltd., Honolulu, Hawaii, respectively. The MIT Lincoln Laboratory, Lexington, Massachusetts, Radio Corporation of America, Morristown, New Jersey, and Sylvania Electric Company, Inc., Waltham, Massachusetts perform the operation and maintenance for the Kiernan Re-entry Measurements Site (KREMS) on Roi-Namur. Other major contractors are Philco-Ford of Palo Alto, California and Control Data Corporation of Minneapolis, Minnesota. Government agencies providing support are the US Army Missile Command, Redstone Arsenal, Alabama; Military Airlift Command, Scott AFB, Illinois; Military Sealift Command, Washington, DC; Federal Aviation Agency, Washington, DC, and National Weather Service, Washington, DC. The Martin Zachry Company, Honolulu, Hawaii, under contracts administered by the Corps of Engineers, is performing KMR, SAFEGUARD System and Advanced Ballistic Missile Defense Program construction on Kwajalein Atoll. The major contractors for range-user programs include Western Electric Company, New York, New York; Mc-Donnell-Douglas Aircraft Company, Santa Monica, California; and Martin-Orlando, Orlando, Florida (SAFEGUARD System).

Budget Activity #3-Missiles and Related Equipment

Program Element # 6.53.01.A Title Kwajalein Missile Range (KMR)

PROGRAM ACCOMPLISHMENTS AND FUTURE PLANS:

1. FY 1972 and Prior Accomplishments:

a. FY 1971 and Prior Accomplishments: In March 1964, Kwajalein Atoll was established as the center for Department of Defense (DOD) full-scale reentry measurements and system test programs. The Army assumed control of Kwajalein Atoll from the Navy on 1 July 1964, at which time it was established as a national range and designated the Kwajalein Test Site. To reflect the increasing national character of this range, the official designation was changed from Kwajalein Test Site to Kwajalein Missile Range in April 1968. The Army, in FY 1965, initiated planning and consolidation of facilities and procedures necessary for Kwajalein to function in its new role as a national range. The second of two Splash Detection Radars (SDR) was placed in operation during July 1968 and reentry vehicles impacting in the Kwajalein lagoon are recovered on a routine basis. A total of eight Recording Automatic Digital Optical Trackers (RADOTS) are now in operation. In 1968, the Range assumed responsibility for operation of the NIKE-X radars (Discrimination Radar and Target Tracking Radar) and the Pacific Range Electromagnetic Signature Studies (PRESS) project from the Advanced Research Projects Agency (ARPA). In 1969 the PRESS complex was renamed Kiernan Reentry Measurements Site (KREMS). The three reentry radars at KREMS are the only radars in the free world that can provide a complete complement of reentry observables data; data which are essential to the development and testing of our strategic offensive and defensive systems. In early 1969, a satellite communication capability was established at KMR for communication with the Continental United States. Expansion of the inter-island communication system was initiated in 1970 by the procurement of underwater cable and associated carrier equipment to link the islands of Meck, Roi-Namur and Illeginni. Modernization and equipment improvements since 1965 have continued with the conversion of the entire telemetry system to S-band, expansion of the real-time target tracking capability, upgrading the range timing system, modification of the TRADEX Radar and procurement of an MPS-36 Radar.

b. FY 1972 Accomplishments: KMR continued to provide support, on a nonreimbursable basis, to all range users. The FY 1972 workload was slightly reduced from FY 1971. However, the missions were much more complex because of the increasing sophistication and numbers of experiments on each missile test. The SAFEGUARD remote launch facilities on Illeginni became operational in October 1971. Because the Discrimination Radar (DR) and Target Tracking Radar (TTR) represented redundant capabilities at a very high operational cost compared to the new MPS-36 and Tradex, the DR and TTR were inactivated as range sensors. Savings realized have been used to absorb contract cost increases and cost of taxes enacted by legislative bodies of the Trust Territory of the Pacific Islands. Essential modernization and equipment procurement continued with emphasis on improvement of telemetry and timing, expansion of the real-time target tracking capability and upgrading the satellite communications terminal for compatibility with DCS Phase II satellites.

Budget Activity #3-Missiles and Related Equipment

Program Element # 6.53.01.A Title Kwajalein Missile Range (KMR)

2. FY 1973 Program: The KMR continues to provide, maintain, and operate a national range to support strategic offensive and defensive test programs and to operate reentry radars to support all DOD reentry programs. The workload in FY 1973 is projected to be equivalent to the FY 1972 workload. The nature of the workload continues to increase in complexity, requiring the operation and maintenance of additional instrumentation sites and achievement of better accuracy and precision. Off-line modifications to ALTAIR to provide a simulation of the Perimeter Acquisition Radar (PAR) for the SAFEGUARD System are scheduled for completion in the third quarter FY 1973. Modernization and equipment improvements to support user test requirements continues. Emphasis is on telemetry, photo-optics and communications improvements, and expansion of the real-time target tracking capability through procurement of a new computer.

3. FY 1974 Planned Program: The KMR will continue to provide, maintain, and operate a national range to support strategic offensive and defensive test programs and to operate reentry radars to support all DOD reentry programs. The workload in FY 1974 is projected to be greater than FY 1973. Major program additions to the workload in FY 1974 will be the Site Defense Program and the Army Special Targets Program of the US Army's Advanced Ballistic Missile Defense Agency for which a launch site on Wake Island will be established for the launching of ATHENA missiles into Kwajalein. The nature of the workload will continue to increase in complexity, requiring the operation and maintenance of additional instrumentation sites and achievement of better accuracy and precision. Procurement of new equipment and modernization of existing equipment to support user test requirements will continue. Emphasis will be on telemetry, photo-optics, communications, accoustical impact timing systems and real-time target tracking capabilities. The $6.7 million reduction in funding from FY 1973 to FY 1974 represents a one-time savings due to restructuring of contractural effort to be coincident with the Fiscal Year.

4. Program to Completion: This is a continuing program.

RESOURCES: ($ in Millions)

	FY 1972	FY 1973	FY 1974	Additional to Completion	Total Estimated Cost
RDT&E: Funds	79.6	75.9	70.6	Continuing	Not Applicable
Man Years	134	142	152		

FY 1974 RDT&E DESCRIPTIVE SUMMARY

Program Element # 6.53.02.A Title White Sands Missile Range (WSMR)

Category Management and Support Budget Activity #3-Missiles and Related Equipment

BACKGROUND AND DESCRIPTION: WSMR is a national missile range managed and operated by the Test and Evaluation Command of the Army Materiel Command for the purpose of supporting missile, aircraft and space vehicle tests of various national programs. WSMR is located in south central New Mexico, north of El Paso, Texas, and occupies a land area about 40 miles wide (E-W) by 100 miles long (N-S). A leased range extension about 40 miles square lies adjacent to the northern boundary. Several off-range launch and impact areas in New Mexico and Utah are also used under lease agreements. WSMR supports development and operational tests for the military services, Advanced Research Projects Agency (ARPA), National Aeronautics and Space Administration (NASA) and the Atomic Energy Commission (AEC). Additionally, laboratory tests of Army missile systems and associated equipment are conducted. WSMR currently supports 130 to 140 different programs. Types of tests include: surface-to-surface, surface-to-air, air-to-air, and air-to-surface missile firings; space vehicle and target development; re-entry physics research; upper atmosphere research; bomb drop tests; aircraft systems development; advanced radar research; and missile unit training firings.

RELATED ACTIVITIES: WSMR is one of two national ranges managed by the Army, the other being Kwajalein Missile Range (KMR). The four other national ranges are the Air Force's Eastern Test Range (AFETR) at Patrick Air Force Base, Florida, the Space and Missile Test and Evaluation Center (SAMTEC) at Vandenberg Air Force Base, California, the Satellite Control Facility (SCF), Sunnyvale, California and the Navy's Pacific Missile Range (PMR) at Point Mugu, California. There is close and continuous coordination between WSMR, the other national ranges, other service test and evaluation activities and developing agencies, to insure optimum support to all DOD programs and avoid duplication and inefficiency.

WORK PERFORMED BY: Military, civil service, and contractor personnel. Major contractors include: Computing and Software, Inc., El Paso, Texas; New Mexico State University (Physical Science Laboratory), Las Cruces, New Mexico; Dynalelectron Corp., Washington DC; Lockheed Electronics Co., Plainfield, New Jersey; Radio Corporation of America, Morristown and Camden, New Jersey; Riverside Research Institute, New York, New York. In addition there are 40 other contractors with contracts totaling approximately $2.0M. Government agencies providing support are the US Army Electronics Command, Fort Monmouth, New Jersey; US Army Strategic Communications Command, Fort Huachuca, Arizona; Defense Mapping Agency, Washington, DC, US Army Research Office, Durham, North Carolina; US Army Corps of Engineers, Albuquerque, New Mexico; Lexington Army Depot, Lexington, Kentucky; US Air Force Special Weapons Test Center, Kirkland and Holloman Air Force Bases, New Mexico; Department of Commerce, National Standards, Washington, DC.

PROGRAM ACCOMPLISHMENTS AND FUTURE PLANS:

1. FY 1972 and Prior Accomplishments:

a. FY 1971 and Prior Accomplishments: WSMR was established as a proving ground in 1945, renamed White Sands Missile Range in 1958, and classified by Department of Defense (DOD) as a national range in 1961. To meet increasingly complex and stringent range user requirements, WSMR initiated a modernization program in FY 1964 to insure that technological advances in range capabilities paralleled advances in weaponry. Notable accomplishments have been the extension of instrumentation coverage to several off-range corridors, the provision of real-time data support, greater accuracy of flight information, more timely data

reports to range users, improved communications and improved telemetry reception capabilities. On 1 October 1968, WSMR assumed responsibility for operation of Advanced Research Project Agency (ARPA) Measurements Radar (AMRAD) from ARPA. This highly sophisticated radar is primarily used in support of the Advanced Ballistic Re-entry Systems (ABRES) and the Advanced Ballistic Missile Defense (ABMD) Programs. Range workload has doubled since FY 1961. Major projects supported in FY 1971 include: FIREFLY, Improved HAWK, Short Range Attack Missile (SRAM), Aerospace Sounding Rocket Vehicle (ASROV), TALOS, LANCE, SHILLELAGH, REDEYE, CHAPARRAL, PERSHING, AEROBEE, ATHENA, and MAVERICK.

b. FY 1972 Accomplishments: WSMR continued to provide support, on a nonreimbursable basis, to range users. The FY 1972 workload equaled the FY 1971 level. Major projects included: LANCE, Improved HAWK, REDEYE, ASROV, PERSHING, SHILLELAGH, ATHENA, CHAPARRAL, AEROBEE, MAVERICK, TALOS, and UpSTAGE. Essential improvements and modifications to range sensors and support equipment were provided at a level of $7.0M. Emphasis in the FY 1972 modernization program was on optical measurement and tracking, radar and telemetry equipment improvements, communications, timing and improved data handling and processing.

2. FY 1973 Program: WSMR continues to operate a national range providing common user support to DOD and NASA programs. In 1973, these will include programs such as ATHENA, LANCE, REDEYE, PERSHING, ASROV, AEROBEE, CHAPARRAL, Navy Fleet Weapon Systems Testing, Short Range Attack Missile (SRAM), and Surface-to-Air Missile Development (SAM-D). The range workload is projected to remain at about the FY 1972 level. However, the workload is more complex. Modernization procurement in FY 1973 is over $5 million. Range modernization continues in order to provide more accurate and timely missile flight performance data, emphasizing improvements to the fixed telescope system, timing system, and communications equipment, as well as upgrading data accuracy, handling and processing techniques.

3. FY 1974 Planned Program: WSMR will continue to provide, maintain, and operate a national range to support 130 to 140 DOD and NASA test programs. In FY 1974 these will include programs such as SAM-D, SRAM, HAWK, LANCE, CHAPARRAL, PERSHING, AEROBEE, and TALOS. Workload is projected to be slightly increased over FY 1973. The nature of the workload will continue to increase in complexity requiring the operation and maintenance of additional instrumentation sites and achievement of better accuracy and precision. Procurement of new equipment and modernization of existing equipment will continue at about the $6.0 million level. Emphasis will be on photo-optical and timing with procurement of a long range telescope system, upgrading of cinetheodolites and initial purchase of a high performance optical tracking system capable of providing data for SAM-D tests. The $4.6 million funding reduction between FY 1973 and FY 1974 is due to a one time savings attributable to restructuring of contractual effort to be coincident with the Fiscal Year.

4. Program to Completion: This is a continuing program.

RESOURCES: ($ in Millions)

		FY 1972	FY 1973	FY 1974	Additional to Completion	Total Estimated Cost
RDT&E:	Funds	77.6	76.1	71.5	Continuing	Not Applicable
	Man Years	3568	3498	3498	Not Applicable	Not Applicable

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY
(In Thousands of Dollars)

6. Ordnance, Combat Vehicles, and Related Equipment			January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Element Code	Project Number	Title							
6.46.03.A		Nuclear Munitions	$14,818	$ 320	$14,498	$0	$[Deleted]	$[Deleted]	[ ]
	D382	Atomic Demolition Munition, XM50	[D]	0	[D]	0	[	]	0
	D385	155mm Projectile, XM517	[D]	0	[D]	0	[	]	0
	D388	Nuclear Projectile, M422 Modification	1,500	0	1,500	0	998	998	2,498
	D663	8-Inch Projectile, XM673	[D]	320	[D]	0	[ ][Deleted]		[ ]

The FY1974 revised request results from the Joint Committee on Atomic Energy (JCAE) termination of the Atomic Energy Commission's 155mm and 8-inch warhead development efforts and the resulting phaseout of the Army's XM517 Projectile efforts, the restructuring of the XM673 Projectile's [D] fuze and nuclear safing and arming developments for application to a Improved 8-Inch nuclear projectile which will incorporate advanced warhead concepts, accelerated completion of the 8-inch M422 Nuclear Projectile modification, and the reverting of the Advanced Firing System to advanced development to correct structural design features.

(D) = Deleted

FY1974 RDTE DESCRIPTIVE SUMMARY

Program Element #6.46.03.A

Title Nuclear Munitions

Category Engineering Development

Budget Activity #6 - Ordnance, Combat Vehicles and Related Equipment

BACKGROUND & DESCRIPTION: The objective of this program is to fund engineering development of an improved 8-inch nuclear projectile, and a modification to be applied to the currently fielded 8-inch nuclear projectile M422. The improved 8-inch nuclear projectile will represent significant improvements in the state-of-the-art in that it will have rapidly [Deleted] thereby enabling [Deleted] be ballistically similar to its respective conventional high-explosive projectiles; have [Deleted] for improved reliability; have greatly improved fuzing accuracy; and make more efficient use of fissile materials. The modification of the current 8-inch M422 nuclear projectile will insure its compatibility with the new 8-inch M110E2 Howitzer when the howitzer is fielded in [D]. The nuclear warhead for the improved 8-inch nuclear projectile will be provided by the Atomic Energy Commission (AEC) while the Army will develop and produce the [D] fuze, programmer, timer, power supplies, and base sections of the projectile case. Joint Atomic Energy Commission/Department of Defense (AEC/DOD) feasibility studies of the current 8-inch M422 Nuclear Projectile modifications will be followed by engineering development of the modification kit and gun firing test.

RELATED ACTIVITIES: The Nuclear Projectile projects within this program element are joint AEC/DOD efforts conducted in accordance with "An Agreement Between the AEC and the DOD for the Development, Production and Standardization of Atomic Weapons", dated 21 March 1953, to meet Army, Navy, and Marine Corps requirements. A joint AEC/DOD Project Officers Group with representatives from the AEC, Army, Navy, and Marine Corps is established for coordination and liaison efforts. Program Element 6.46.02.A, Weapons and Ammunition, is related to this program element.

WORK PERFORMED BY: Picatinny Arsenal, Dover, NJ; Harry Diamond Laboratories, Washington, DC; Army Materiel and Mechanics Research Center, Watertown, MA; Motorola, Scottsdale, AZ; AEC Agencies: Los Alamos Scientific Laboratory, Los Alamos, NM; Lawrence Livermore Laboratory, Livermore, CA; Sandia Laboratories Albuquerque, Albuquerque, NM; and Sandia Laboratories Livermore, Livermore, CA.

PROGRAM ACCOMPLISHMENTS AND FUTURE PLANS

1. FY1972 and Prior Accomplishments:

(D) = Deleted

Budget Activity #6 - Ordnance, Combat Vehicles and Related Equipment

Program Element # 6.46.03.A Title Nuclear Munitions

a. FY1971 and prior accomplishments: In FY1970 redesign of the Advanced Firing System (AFS), XM50, was initiated using solid state integrated electronic circuits while the Improved 155mm XM517 Nuclear Projectile entered engineering development as a new start. In FY1971 redesign of the AFS, XM50, was completed; engineering development of the XM517 Projectile was continued, and the Improved 8-Inch XM673 Projectile entered engineering development as a new start.

b. FY1972 accomplishments: In FY1972, fabrication and testing of AFS, XM50, prototype systems began. Engineering Development of the XM517 Projectile continued with primary emphasis on the development of the [D] fuze and electronic programmer. In the XM673 Projectile program, FY1972 efforts were primarily on the trade-off study of weight and volume by Army and Atomic Energy Commission (AEC) to permit utilization of an economical (in terms of fissile material) AEC warhead design while still meeting all Army, Navy, and Marine Corps requirements.

2. FY1973 Program: AFS, XM50: Final development testing [Deleted] Following analysis of [D] and redesign of the structural components, the AFS project was reverted back to advanced development effort. XM517 Projectile: Engineering design of the fuze, programmer, power supplies, and projectile base continued. Flight tests to evaluate structural integrity and ballistic similitude were conducted. XM673 Projectile: Engineering design of the fuze, electronic programmer, power supplies, safety circuits, and structural case were continued. Emphasis was being placed on proper mass distribution to insure the ballistic similitude characteristic is achieved. In June 1973, the Joint Committee on Atomic Energy terminated the AEC's warhead development activities for the XM517 and XM673 Nuclear Projectiles. However, an AEC/DOD Phase 2 Program Study of an Improved 8-Inch Nuclear Projectile was initiated to determine the feasibility of developing a projectile employing advance warhead and fuzing concepts.

3. FY1974 Planned Program: XM517 and XM673 Projectiles: Complete [D] fuze work and terminate the program. Improved 8-Inch Nuclear Projectile: Support exploration of technology for application to the improved 8-Inch Nuclear Projectile system by continuing the development of the XM731 advanced miniaturized [D] fuze, nuclear safing and arming subsystems, and high strength materials. M422 Projectile: Joint AEC/Army feasibility studies to finalize engineering development will be completed. Procurement of modification kits, test projectiles, and propelling charges will be completed. Gun firing proof tests will be conducted to verify the modification design and certification of firing tables.

4. Program to Completion: Improved 8-Inch Nuclear Projectile: Initiation of engineering development planned in [D] with an Initial Operational Capability (IOC) planned for [Deleted] M422 Projectile: Completion of modification proof testing and application of modification kit to stockpiled M422 Projectiles is planned.

RESOURCES: ($ in Millions)

	FY1963 thru FY1972	FY1973	FY1974	Additional to Completion	Total Estimated Cost
RDTE: Funds	44.9	11.7	6.1	[Deleted]	*
Procurement:					
Funds	0	0	0	[Deleted]	**

*Includes $53.4 Advanced Firing System, XM50 and XM517/XM673 Nuclear Projectile RDTE costs.
**Based on production of [D] projectiles at Army unit cost of [D]

(D) = Deleted

FY1974 RDTE DESCRIPTIVE SUMMARY

Program Element #6.46.03.A

Title Nuclear Munitions

Project #D663

Title Improved 8-Inch Nuclear Projectile

Category Engineering Development

Budget Activity #6 - Ordnance, Combat Vehicles and Related Equipment

BACKGROUND & DESCRIPTION: The objective of this engineering development effort is to provide an improved 8-inch Nuclear Projectile that will be compatible with existing and future Army/Marine Corps 8-Inch howitzer systems and Navy major caliber lightweight gun systems. This item will replace the current 8-inch M422 Nuclear Projectile which is [Deleted] and a special spotting round for adjustment. The Improved 8-Inch Nuclear Projectile will provide the field commander with a long range [Deleted] weapon with a capability to provide rapidly [Deleted]. The projectile's highly accurate [D] fuze coupled with its accurate delivery system will insure optimum target coverage while minimizing the possibility of undesired collateral damage to include the possibility of fallout. The Nuclear Projectile will provide an effective antipersonnel and antimaterial nuclear fire capability for close support of tactical combat units and counter the maximum range threat (29, 250 meters) of the Soviet nuclear capable 203mm (8-inch) gun howitzer. The Army areas of effort in this joint Atomic Energy Commission/Department of Defense (AEC/DOD) development include development and production of the [D] fuze, programmer, power supplies, and projectile rocket motor.

RELATED ACTIVITIES: The division of responsibilities between the AEC and the DOD are in accordance with the "Joint AEC/DOD Agreement for the Development, Production, and Standardization of Atomic Weapons," dated 21 March 1953. The Department of the Army was designated as the cognizant DOD service for this development. A joint AEC/DOD Project Officers Group with representatives from the AEC, Army, Navy, and Marine Corps has been established for coordination of the development effort. Related Developmental projects are: PE 6.46.02.A: Project Number D028, Field Artillery Ammunition (XM650); and PE 6.46.02.A: Project Number D389, 8-Inch Howitzer Self-Propelled, M110E2.

WORK PERFORMED BY: Picatinny Arsenal, Dover, NJ; Harry Diamond Laboratories, Washington, DC; Army Materiel and Mechanics Research Center, Watertown, MA; Aberdeen Proving Ground, Aberdeen, MD; Motorola, Scottsdale, AZ. AEC Agencies: Lawrence Livermore Laboratory and Sandia Laboratories Livermore, Livermore, CA.

PROGRAM ACCOMPLISHMENTS AND FUTURE PROGRAMS:

1. FY1972 and Prior Accomplishments:

a. FY1971 and prior accomplishments: An Improved 8-Inch Nuclear Projectile, XM673, project was initiated in April 1971. Initial efforts were directed towards solution of the weight and volume trade-offs between the Army and AEC. The goal was an efficient AEC warhead (in terms of fissile material) that met all Army operational requirements. Ballistic studies were continued to define the overall projectile constraints while still meeting operational requirements regarding yield, range, ballistic similitude, and compatibility with current and future 8-inch howitzers. Engineering development was initiated on the projectile case, fuze, electronic programmer, power supplies, safety circuits, and ancillary items such as packaging, tools, handling equipment and training items.

b. FY1972 accomplishments: Trade-off analyses between the Army-supplied rocket motor, fuze, programmer and power supplies and the Atomic Energy Commission (AEC)-provided nuclear warhead were completed. Improvements in Army components resulted in almost 1.5 inches increase in length available for the AEC. In October 1971 an underground nuclear test was conducted on a high risk, very economical (in terms of fissile material) AEC warhead design. The test was a complete success. Engineering development of the [D] fuze, programmer, power supplies, safety circuits and

(D) = Deleted

projectile rocket motor continued. Interior and exterior ballistic analyses were conducted to evaluate the effectiveness of the ballistic similarity of the nuclear round and its high explosive counterpart now in development. These studies also confirmed the stability of these projectiles in both the current and future 8-inch howitzers. Structural tests were conducted on the projectile case with emphasis on the rear body section and rotating band.

2. FY1973 Program: Efforts in FY1973 continued the previously initiated development efforts in FY1972 with prime emphasis on structural design, ballistic similitude, rocket motor, and fuze development. Picatinny Arsenal initiated design of test projectiles for subsequent evaluation of ballistic similitude, accuracy, and AEC/DOD systems interface compatibility. Development continued on the design of ballistic similitude, accuracy, and explosive ordnance disposal items associated with this system. The Army Materiel and Mechanics Research Center (AMMRC) continued material investigation for rotating band and projectile body fabrication applications. Harry Diamond Laboratories (HDL) continued fuze development with intensive telemetered flight testing to evaluate fuze component performance. Planning for [Deleted] fire, and impact vulnerability tests was initiated. In June 1973, the Joint Committee on Atomic Energy terminated the AEC's warhead development activities for the XM673 Nuclear Projectile. However, an AEC/DOD Phase 2 Program Study of an Improved 8-Inch Nuclear Projectile was initiated to determine the feasibility of developing a projectile employing advance warhead and fuzing concepts.

3. FY1974 Planned Program: Efforts will be directed toward a meaningful approach to advancing prior ED developments in the areas of structural design, advanced nuclear safing and arming concepts, and the [D] fuze. Selected proving ground firings will be conducted to test out critical components of the fuzes, and structural members of the rocket motor. In this regard limited component and integrated projectile test vehicles will be manufactured and test fired. Studies will be made on the interface, drawings, requirements, handling, packaging, training, safety and EOD items. Close coordination will be maintained with the XM650 HE Projectile development and the M110E2 Weapon development program to assure awareness of the latest design changes and where possible to influence these changes to maintain design compatibility with future nuclear warhead designs. The [D] fuze under design at HDL will undergo extensive telemeter flight testing to evaluate component performance and reliability for use in Alpha and Beta reliability analysis. Flight tests of the rocket motor will be made at Yuma Proving Ground to determine in flight vibration frequencies generated by the rocket motor. Continue development of advanced nuclear safing and arming designs.

4. Program to Completion: Initiation of engineering development planned in [D] with an Initial Operational Capability (IOC) planned for [Deleted]

RESOURCES: ($ in Millions)

	FY1972 and Prior	FY1973	FY1974	Additional to Completion	Total Estimated Cost
RDTE: Funds	7.0	4.0	3.6	[Deleted]	[Deleted]
Procurement:					
Funds	0	0	0	[Deleted]	[Deleted]

*Procurement projected for Army produced components of [D] 8-Inch Projectiles at unit cost of [Deleted]

(D) = Deleted

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RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY
(in Thousands of Dollars)

7. Other Equipment			January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
Element Code	Project Number	Title							
6.57.02.A		Testing	$45,031	$ 1,420	$43,611	$0	$ 27	$ 27	$43,638
	D618	Test Boards	18,423	820	17,603	0	27	27	17,630

The FY 1974 revised estimates occurs as a result of the increased cost of petroleums, oils, and lubricants (POL).

DEPARTMENT OF DEFENSE - MILITARY

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, AIR FORCE

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-20-3600-0-1-051

		BUDGET PLAN (AMOUNTS FOR RDT+E ACTIONS PROGRAMED)			OBLIGATIONS		
		FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
	PROGRAM BY ACTIVITIES:						
	DIRECT:						
	1. MILITARY SCIENCES	134,600	-0-	134,600	134,780	-0-	134,780
	2. AIRCRAFT AND RELATED EQUIPMENT	1,226,000	-16,500	1,209,500	1,226,330	-16,500	1,209,830
	3. MISSILES AND RELATED EQUIPMENT	292,400	1,000	293,400	290,903	1,000	291,903
	4. MILITARY ASTRONAUTICS AND RELATED EQUIPMENT	529,100	2,700	531,800	531,120	2,700	533,820
	6. ORDNANCE, COMBAT VEHICLES, AND RELATED EQUIPMENT	123,200	5,800	129,000	122,800	5,800	128,600
	7. OTHER EQUIPMENT	516,900	-26,500	490,400	523,610	-26,500	497,110
	8. PROGRAMWIDE MANAGEMENT AND SUPPORT	390,300	13,000	403,300	387,457	13,000	400,457
	TOTAL DIRECT	3,212,500	-20,500	3,192,000	3,217,000	-20,500	3,196,500
	REIMBURSABLE (TOTAL)	200,000	-0-	200,000	200,000	-0-	200,000
10	TOTAL	3,412,500	-20,500	3,392,000	3,417,000	-20,500	3,396,500
	FINANCING:						
	RECEIPTS AND REIMBURSEMENTS FROM:						
11	FEDERAL FUNDS	- 187,200	-0-	- 187,200	- 187,200	-0-	- 187,200
13	TRUST FUNDS	- 10,800	-0-	- 10,800	- 10,800	-0-	- 10,800
14	NON-FEDERAL SOURCES	- 2,000	-0-	- 2,000	- 2,000	-0-	- 2,000
21	UNOBLIGATED BALANCE AVAILABLE, START OF YEAR FOR COMPLETION OF PRIOR YEAR BUDGET PLANS				- 124,997	-0-	- 124,997
	REPROGRAMING FROM (-) OR TO PRIOR YEAR BUDGET PLANS						
22	UNOBLIGATED BALANCE TRANSFERRED FROM OTHER ACCOUNTS						
23	UNOBLIGATED BALANCE TRANSFERRED TO OTHER ACCOUNTS						
24	UNOBLIGATED BALANCE AVAILABLE, END OF YEAR FOR COMPLETION OF PRIOR YEAR BUDGET PLANS				120,497	-0-	120,497
25	UNOBLIGATED BALANCE LAPSING						
	UNOBLIGATED BALANCE LAPSING, BUD PLAN						
	BUDGET AUTHORITY						
	BUDGET AUTHORITY:						
40	APPROPRIATION						
41	TRANSFERRED TO OTHER ACCOUNTS	3,212,500	-20,500	3,192,000	3,212,500	-20,500	3,192,000
42	TRANSFERRED FROM OTHER ACCOUNTS						
43	APPROPRIATION (ADJUSTED)						
44.95	JAN 1973 PAY INCREASE SUPPLEMENTAL/AMENDMENT						

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
2. Aircraft and Related Equipment								
Element Code	Title							
01007F	International Fighter Aircraft	2,600		2,600		14,000	14,000	16,600

The FY 74 requirement for F-5F development is $32.1 million. $18.1 million can be financed with anticipated fund recoveries from existing F-5E sales and the remaining $14.0 million can be provided by direct Air Force financing. Specifically the FY 74 request for $32.1 million supports a compressed, but viable pace of development toward a FY 75 production capability.

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
2. Aircraft and Related Equipment								
Element Code	Title							
63211F	Aerospace Structural Materials	12,700		12,700		15,800	15,800	28,500

Increase of $1.8M recommended to support the fabrication and test of innovative designs employing metallic materials and advanced manufacturing methods. Cost and weight reductions over conventional baseline designs are estimated at 25% and 20% respectively. $14.0M will be used to accelerate verification of advanced composite materials, primarily for large complex airplane structures. Prior successes in advanced composite technology now make significant manufacturing cost and weight savings possible. Program emphasis will be placed on reducing production expenses below present industry standards. Hardware to be built and tested include secondary structures such as access doors and panels as well as primary structures such as empennages and wing sections. Experience predicts cost and weight accruals of 15-25% and 20% respectively.

RESEARCH, DEVELOPMENT, TEST & EVALUATION, AIR FORCE

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	FY 1974 Proposed Amendment OTHER	FY 1974 Proposed Amendment TOTAL	FY 1974 Revised Request
2. Aircraft and Related Equipment								
Element Code	Title							
63225F	Subsonic Cruise Armed Decoy	72,200		72,200		-50,200	-50,200	22,000

The decrease of $50,200 in this program results from the reorientation of the SCAD program. The remaining $22,000 will provide for a technology program which will conduct prototype tests of critical subsystems as well as interface design efforts with other appropriate programs.

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	FY 1974 Proposed Amendment OTHER	FY 1974 Proposed Amendment TOTAL	FY 1974 Revised Request
2. Aircraft and Related Equipment								
Element Code	Title							
63237F	Stall/Spin Inhibitors					2,000	2,000	2,000

New technology is required to reduce losses of fighter/attack aircraft due to out-of-control situations. This program will provide technology to extend the safe flight envelopes of existing aircraft and to design future aircraft with superior handling characteristics in the high-angle-of-attack regime required for combat maneuvering. Funds are required to investigate handling qualities, to initiate high angle of attack prediction methods, to complete testing on Lightweight Fighter drop models and to install a flight safety system in A-7 aircraft.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
2. Aircraft and Related Equipment							
Element Code Title							
63240F Lightweight Fighter Engine	1,500		1,500		1,900	1,900	3,400

Additional funds are required to initiate a follow-on program to develop and substantiate improved engine design and testing procedures. Engine problems during recent development and during production indicate the need to reexamine engine design and testing procedures. The YJ101 engine program provides a unique opportunity to investigate development procedures used in the early phase of the development of an advanced engine and presents the opportunity to devote the efforts of both the government and key contractor personnel intimately involved in the early development phase to substantiate "lessons learned" and investigate improved development techniques. The proposed program is to take advantage of the residual hardware to investigate fundamental problems associated with engine design and testing during the early phase of an engine development program. A major objective of this program is to develop improved design techniques and to investigate testing procedures that would reveal mechanical design deficiencies early in the development cycle without an engine failure. Testing will include full engine testing under simulated flight conditions and component testing under conditions simulating a complete engine.

(In Thousands of Dollars)

Budget Activity	January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
3. Missiles and Related Equipment							
Element Code Title							
63314F Strategic Bomber Penetration	4,000		4,000		1,000	1,000	5,000

The proposed increase for this program is required to accelerate the development of penetration aids to fill the void left by the reorientation of SCAD and to relieve the bomber dependence on ECM. Additional funding would result in increased effort in the development of the Advanced Strategic Air Launched Missiles.

RESEARCH, DEVELOPMENT, TEST & EVALUATION, AIR FORCE

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 74 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 74 Revised Request
4. Military Astronautics and Related Equipment								
Element Code	Title							
63431F	Advanced Space Communications	18,800		18,800		700	700	19,500

Increased funding is required to accelerate satellite survivability technology.

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 74 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 74 Revised Request
4. Military Astronautics and Related Equipment								
Element Code	Title							
64406F	Space Defense System	1,000		1,000		2,000	2,000	3,000

The United States does not have the capability for [Deleted]. The additional funds requested will be used to initiate conceptual [Deleted] efforts. The following tasks will be performed:

a. Definition of an Air Force integrated Space Object Identification capability.

b. Acceleration of Lincoln Laboratory Satellite optical tracking technology efforts.

c. Study the integration of DSP data into the SPACETRACK system.

d. Relocate and test an existing 16 inch telescope for optimum tracking of foreign military space objects.

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 74 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 74 Revised Request
6. Ordnance, Combat Vehicles and Related Equipment								
Element Code	Title							
63605F	Advanced Radiation Technology	26,200		26,200		3,900	3,900	30,100

Additional funds would be used to take advantage of an advancement in technology. The TRW Systems Group recently demonstrated (deleted).

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 74 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 74 Revised Request
6. Ordnance, Combat Vehicles and Related Equipment								
Element Code	Title							
64605F	30mm Close Air Support Gun System	10,300		10,300		1,900	1,900	12,200

The 30mm GAU-8/A close air support gun program has been approved for full scale development. System reliability and ammunition performance achieved during the competitive shoot-off met expectations and are highly satisfactory. However, estimated production cost of the aluminum cased rounds and armor piercing round utilizing a high density penetrator is higher than expected. To achieve the lowest possible production cost, competitive development of the rounds will be initiated in FY 74 by introducing a second ammunition developer under subcontract to the gun developer. In addition, alternative methods for manufacturing the high density penetrator will be developed by the ammunition subcontractor.

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 74 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 74 Revised Request
7. Other Equipment								
Element Code	Title							
64709F	Improved Tactical Bombing	1,100		1,100		6,900	6,900	8,000

Significant improvement in F-111A capability will be provided by the addition of the Self-Contained Adverse Weather/Night Attack (SCANA) modification. The overall importance of this operational capability to the Air Force was instrumental in the restoration of $1.0M of FY 73 funds for a restructured preproduction prototype program. The restructured program reduced technical risk, decreased total RDT&E costs from $38.8M to $30.3M and reduced projected retrofit costs. The Air Force plans to continue this program in FY 74 with limited funding allowed within the constraints of the President's Budget. If the additional funding is provided as requested, the total RDT&E cost will be further reduced to $27.9M while simultaneously accelerating existing sensor hardware procurement. Moreover, the time to first test flight of a fully integrated system would be reduced from 36 months to 28 months after the start of the program.

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 74 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 74 Revised Request
7. Other Equipment								
Element Code	Title							
64732F	Drone/Remotely Piloted Vehicle System	8,400		8,400		6,000	6,000	14,400

Funds are required to complete fabrication on the second Compass Cope (B) vehicle with a production engine. Funds are also required to provide additional sets of avionics update equipment for installation in the AQM-34L vehicles to conduct an IOT&E. Equipment will be improved to correct deficiencies identified in current DT&E flight tests, modified where possible to reduce costs and expanded to provide multi-mission capability.

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 74 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 74 Revised Request
7. Other Equipment								
Element Code	Title							
64739F	F-4/F-105 Protective Systems	4,500		4,500		2,600	2,600	7,100

The FY 74 request did not include funds for a major part of the AGE for the ALQ-131 Advanced Tactical Countermeasures Pod. The AGE portion of the overall ALQ-131 project was deferred until FY 75. An additional $2.6M will allow the USAF to proceed with the AGE development in a more timely manner, thus insuring a concurrent delivery of qualified support equipment with the prime equipment.

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 74 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 74 Revised Request
7. Other Equipment								
Element Code	Title							
64744F	Airborne Warning and Control System	197,800		197,800		-42,000	-42,000	155,800

The decrease of $42,000 is the result of rephasing of the AWACS Program, however, the $42,000 will be required in subsequent years.

RESEARCH, DEVELOPMENT, TEST & EVALUATION, AIR FORCE

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
8. Program-Wide Management and Support								
Element Code	Title							
65802F	Arnold Engineering and Development Center Base Costs	57,120	120	57,000		8,500	8,500	65,500

$8.5 million required to partially fund the rebuilding or replacement of the C-4 compressor in the supersonic wind tunnel damaged at AEDC on 29 May 73.

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
8. Program-Wide Management and Support								
Element Code	Title							
65805F	Development and Test Support	149,695	3,095	146,600		3,000	3,000	149,600

The additional $3,000 is required to provide for increased costs of petroleum products. Revised pricings, effective 1 July 1973, are over 30% higher than pricings used in preparing the original budget estimate.

RESEARCH, DEVELOPMENT, TEST & EVALUATION, AIR FORCE

(In Thousands of Dollars)

Budget Activity		January Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	OTHER	TOTAL	FY 1974 Revised Request
8. Program-Wide Management and Support								
Element Code	Title							
65806F	Acquisition and Command Support	192,550	6,750	185,800		1,500	1,500	187,300

The additional $1,500 is required to provide for increased costs of petroleum products. Revised pricings, effective 1 July 1973, are over 30% higher than pricings used in preparing the original budget estimate.

RESEARCH, DEVELOPMENT. TEST, AND EVALUATION, DEFENSE AGENCIES
(In Thousands of Dollars)

	Justification Book	Less Pay Raise Jan 73	FY 1974 Request Pending	FY 1974 Proposed Amendment MASF	Other	Total	FY 1974 Revised Request
All Activities	$503,266	$2,866	$500,400	-	$-21,000	$-21,000	$479,400

Distribution by Agency and Budget Activity has not yet been established.

Consolidated Schedule of Permanent
Positions Paid From Funds Available
To the Department of the Army

DETAIL OF PERMANENT POSITIONS

Grades and Ranges		FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
Executive Level II	$36,000	1		1
Executive Level IV	$36,000	5		5
Executive Level V	$36,000	1		1
GS-18	$36,000	9		9
GS-17	$34,335 to $36,000	25		25
GS-16	$29,678 to $36,000	176		176
GS-15	$25,583 to $33,260	1,639		1,639
GS-14	$21,960 to $28,548	4,600		4,600
GS-13	$18,737 to $24,362	12,526	1	12,527
GS-12	$15,866 to $20,627	20,623	2	20,625
GS-11	$13,909 to $17,305	22,920	9	22,929
GS-10	$12,151 to $15,796	1,852	2	1,854
GS-9	$11,046 to $14,358	21,535	9	21,544
GS-8	$10,013 to $13,019	4,046		4,046
GS-7	$9,053 to $11,771	22,746	2	22,748
GS-6	$8,153 to $10,601	15,320		15,320
GS-5	$5,828 to $7,574	27,370	1	27,371
GS-4	$6,544 to $8,506	31,033		31,033
GS-3	$5,828 to $7,574	16,853		16,853
GS-2	$5,166 to $6,714	3,754		3,754
GS-1	$4,564 to $5,932	193		193
Positions established by the Secretary of Defense (10 USC 1581)	$29,678 to $36,000	138		138
Ungraded		106,726		106,726
Foreign Nationals		18,590	-645	17,945
Total permanent positions		332,681	-619	332,062
Unfilled Positions, 30 Jun 1974		1,655		1,655
Total permanent positions, end of year		331,026	-619	330,407

DEPARTMENT OF THE ARMY
DISTRIBUTION OF TOTAL NUMBER OF PERMANENT
POSITIONS BY FINANCING ACCOUNT

	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
Operation and Maintenance, Army	211,978	-645	211,333
Operation and Maintenance, Army Reserve	13,959	-	13,959
Operation and Maintenance, Army National Guard	29,089	-	29,089
National Board for the Promotion of Rifle Practice	11	-	11
Research, Development, Test and Evaluation, Army	17,156	-	17,156
Military Construction, Army	4,485	-	4,485
Military Construction, Army Reserve	47	-	47
Army Industrial Fund	54,554	-	54,554
Army Management Fund	199	-	199
Family Housing, Defense	1,026	-	1,026
Homeowners Assistance	24	26	50
Total Army accounts	332,528	-619	331,909
Allocation from others: Military Assistance	153	-	153
Total permanent positions	332,681	-619	332,062

Consolidated Schedule of Permanent
Positions Paid From Funds Available
to the Department of the Navy

DETAIL OF PERMANENT POSITIONS

	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
GRADES AND RANGES			
Executive Level II, $42,500	1		1
Executive Level IV, $38,000	5		5
Executive Level V, $36,000	1		1
GS-18, $36,000	7		7
GS-17, $34,335 to $36,000	34		34
GS-16, $29,678 to $36,000	294		294
GS-15, $25,583 to $33,260	1,636		1,636
GS-14, $21,960 to $28,548	4,333	2	4,335
GS-13, $18,737 to $24,362	11,229	12	11,241
GS-12, $15,866 to $20,627	15,927	69	15,996
GS-11, $13,309 to $17,305	18,020	129	18,149
GS-10, $12,151 to $15,796	1,411	12	1,423
GS-9, $11,046 to $14,358	14,521	179	14,700
GS-8, $10,013 to $13,019	2,510	21	2,531
GS-7, $9,053 to $11,771	11,065	65	11,130
GS-6, $8,153 to $10,601	7,360	18	7,378
GS-5, $7,319 tp $9,515	22,889	72	22,961
GS-4, $6,544 to $8,506	22,416	76	22,492
GS-3, $5,828 to $7,574	14,193	59	14,252
GS-2, $5,166 to $6,714	3,718	17	3,735
GS-1, $4,564 to $5,932	570		570

Consolidated Schedule of Permanent Positions Paid From Funds Available to the Department of the Navy

DETAIL OF PERMANENT POSITIONS

	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
Grades established by the Secretary of Defense (10 U.S.C. 1581): $29,678 to $36,000	162		162
Grades established by the Secretary of the Navy: $8,999 to $29,908	535		535
Grades established by 20 U.S.C. 901-906: $7,200 to $14,855	14		14
Ungraded	146,217	1,050	147,267
Total permanent positions	299,068	1,781	300,849
Unfilled positions, June 30	-1,408		-1,408
Total permanent employment, end of year	297,660	1,781	299,441

DISTRIBUTION OF TOTAL NUMBER OF PERMANENT POSITIONS BY FINANCING ACCOUNT

	FY 1974 Request Pending	FY 1974 Proposed Amendment	FY 1974 Revised Request
Operation and Maintenance, Navy	125,183	+481	125,664
Operation and Maintenance, Navy Reserve	2,487	-	2,487
Research, Development, Test and Evaluation, Navy	5,397	-	5,397
Military Construction, Navy	2,887	-	2,887
Laundry Service, Naval Academy	125	-	125
Navy Industrial Fund	162,725	+1,300	164,025
Navy Management Fund	45	-	45
Total Navy accounts	298,849	+1,781	300,630
Allocation from others: Military Assistance.	219	-	219
Total permanent positions	299,068	+1,781	300,849

Sec. 707(a)

Limitation in section 707(a) on the amount available for primary and secondary schooling of minor dependents of military and civilian personnel of the Department of Defense in overseas areas; [$174,450,000] $196,614,000.

The amendment requests an increase in the Overseas Dependent's Education Limitation of $9.5 million, from $187,114,000 to $196,614,000, for the impact of dollar revaluation occurring since submission of the FY 1974 President's Budget. The $9.5 million increase comprises the additional transfer authority requested by the Military Departments for this program as reflected in their amended estimates.

While dollar revaluation has been felt in both the Pacific and European school systems, by far the largest impact derives from the dollar revaluation in relation to the German Deutsche mark. In total, $7.9 million is required for the change in European currencies, of which $6.2 million is attributable to the German Deutsche mark.

The impact of the revaluation on the schools program occurs mainly in fixed cost areas such as payments for bus transportation, custodial services, tuition fee schools, rentals and utilities, repair and maintenance contracts, and for foreign national salary payments. The program is not able to absorb increased costs of this magnitude within the limitation originally requested.

SUBCOMMITTEE RECESS

Chairman MCCLELLAN. Gentlemen, we thank you for your appearance. The subcommittee will recess, subject to the call of the Chair.

[Whereupon, at 11 a.m., Thursday, October 4, the subcommittee was recessed, to reconvene at the call of the Chair.]

21-709 O - 73 -- 33

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1974

THURSDAY, OCTOBER 11, 1973

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The Intelligence Operations subcommittee met at 2 p.m., in room S–126, the Capitol, Hon. John L. McClellan [chairman], presiding.

Present: Senators McClellan and Young.

CENTRAL INTELLIGENCE AGENCY

The subcommittee heard the classified testimony of Hon. William E. Colby, Director of the Central Intelligence Agency.

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1974

MONDAY, DECEMBER 3, 1973

U.S. SENATE
SUBCOMMITTEE OF THE COMMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The Defense Appropriations subcommittee met at 10:35 a.m. in room S. 126, the Capitol, Hon. John L. McClellan [chairman], presiding.

Present: Senators McClellan, Magnuson, Stennis, Mansfield Young, Hruska, Case, Fong, and Jordan.

APPEALS FROM HOUSE ACTION

The subcommittee heard the classified testimony of the Hon. William P. Clements, Jr., Deputy Secretary of Defense.

CORRESPONDENCE AND APPEALS MATERIAL

Chairman MCCLELLAN. Following is a letter from Deputy Secretary of Defense W. P. Clements, Jr., dated November 29, 1973, together with the unclassified version of the appeals to the Senate from the House action.

[The letter and appeals material follows:]

THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

29 NOV 1973

Honorable John L. McClellan
Chairman
Senate Appropriations Committee
United States Senate

Dear Mr. Chairman:

We have carefully considered the actions of the House of Representatives on H. R. 11575, the 1974 Defense Appropriation Bill. The budget request as amended was $77,251 million. The House Bill would provide $74,106 million in new obligational authority, a reduction of $3,144 million. After transfers, the net reduction is $2,757 million. We can accept most of the House actions, but we must urge the restoration of $1,121 million of these reductions.

These restorations include $95 million for military personnel and $246 million for operation and maintenance to sustain operations in those areas where the House cut much too deeply. A number of these adjustments involve the fact that the phaseout of certain operations will require more time than the House allowed. We request that $557 million be added to the House Bill for procurement, including $100 million for programs that were shifted to RDT&E funding in the House Bill. For RDT&E, we ask that a net of $200 million in budget authority be added to the House Bill, and that the transfer of $23.2 million be specified in appropriation language rather than left to reprogramming.

It is important to note that our FY 1973 program -- on the same pay and pricing basis as the FY 1974 estimates -- was $3.9 billion higher than the amount we are now requesting for FY 1974. The House Bill, in fact, would involve a $5.0-billion reduction, in terms of buying power, from the FY 1973 level. Details on this point are enclosed. Economic trends of the past several months, in addition to other developments, have produced some serious deficiencies in our military readiness -- deficiencies which cannot be completely eliminated within the amounts we are now requesting.

The House Bill contains many new provisions or changes in provisions. The House Report directs many changes in existing policies and programs, including termination of certain activities. We accept the House position in a large number of these instances, but we must request favorable reconsideration by the Senate of certain items.

The elimination of the cost-of-living allowance for personnel in Alaska, Hawaii, and certain territories, where living expenses far exceed those in the continental United States, would be inequitable and seriously harmful, and, with respect to civilian personnel, could not be implemented without a statutory change. There are solid reasons for schools on race relations in the individual services -- such schools should not be closed, as the House Report would require. We agree entirely that private shipyards must be maintained in a healthy condition, and the large amount of naval shipwork performed in these yards attests to this; we must, however, disagree strongly with the House Bill's ceiling on work in the Navy yards -- a ceiling which, owing to the fact that the fiscal year is far gone, would be highly disruptive. We cannot agree with the House directive that Saint Albans Hospital be kept open; this is a 607-bed facility, and cannot be justified for 1,643 active-duty naval personnel in the New York area, of whom some 1,000 are assigned to five ships. We ask the Senate to consider carefully the dangers inherent in certain language changes with respect to emergency and extraordinary expenses. We object strongly to a House provision which would limit the recruitment of non-high-school graduates and persons in mental category IV. We also object to the House Bill's limitation on numbers of officers by service by grade.

Because the House Bill provides operating funds in a large number of legal subdivisions, it is important that we be provided $300 million in additional transfer authority, to be available for transfer only among subdivisions within individual operation and maintenance appropriations. No appropriation could be augmented with this additional authority. It is necessary because of the uncertainties we face in complying, for the first time, with so many legal subdivisions of operating funds.

In two provisions, the House Bill introduces matters such as priorities, unforeseen military requirements, and bans on items denied by the Congress into the area of fund transfers and reprogrammings. We fail to see the need for these provisions. Under any reasonable interpretation these requirements are met fully through existing arrangements. We believe these provisions to be unnecessary at best, and fear that they could be harmful to National Security if essential reprogramming is delayed.

The House Bill would provide funds for overseas dependents education in the Defense Agencies appropriation, rather than in the accounts of the various services as heretofore. We do not object to the approach but ask that the change be deferred to FY 1975, rather than being imposed in midyear.

Details on these and other matters of concern to us are enclosed. We appreciate this opportunity to comment, and will furnish whatever assistance we can in your further consideration of our national security needs.

With warm regard,

Sincerely,

H. P. Clements Jr.

Summary of DoD Appropriation Bill, FY 1974
(In Thousands of Dollars)

	Budget Request As Amended	House Action	House Bill	DoD Appeal	Current Request of Senate
Title I - Military Personnel					
Mil Pers, Army	7,211,400	-79,963	7,131,437	+30,330	7,161,767
Mil Pers, Navy	5,355,600	-73,605	5,281,995	+18,040	5,300,035
Mil Pers, Marine Corps	1,555,800	- 6,348	1,549,452	+ 5,082	1,554,534
Mil Pers, Air Force	6,932,500	-46,089	6,886,411	+27,322	6,913,733
Reserve Pers, Army	463,700	-11,292	452,408	-	452,408
Reserve Pers, Navy	212,100	- 2,697	209,403	+ 2,291	211,694
Reserve Pers, Marine Corps	67,500	- 6,327	61,173	+ 3,327	64,500
Reserve Pers, Air Force	139,300	-12,338	126,962	+ 8,900	135,862
Nat'l Guard Pers, Army	587,100	-31,200	555,900	-	555,900
Nat'l Guard Pers, Air Force	181,500	- 4,000	177,500	-	177,500
Total Title I - Mil Pers	22,706,500	-273,859	22,432,641	+95,292	22,527,933
Title II - Retired Military Personnel					
Retired Pay - Defense	4,705,900	-24,000	4,681,900	-	4,681,900
Title III - Operation and Maintenance					
O&M, Army	6,401,700	-267,953	6,133,747	+189,921	6,323,668
O&M, Navy	6,156,700	-133,500	6,023,200	+109,885	6,133,085
O&M, Marine Corps	417,000	- 5,355	411,645	+ 1,007	412,652
O&M, Air Force	6,717,100	-185,000	6,532,100	+111,829	6,643,929
O&M, Defense Agencies	1,478,400	+172,008	1,650,408	-178,442	1,471,966
O&M, Army Reserve	260,400	- 5,400	255,000	-	255,000
O&M, Navy Reserve	175,400	- 3,400	172,000	-	172,000
O&M, Marine Corps Reserve	11,400	- 400	11,000	+ 400	11,400
O&M, Air Force Reserve	227,600	- 4,600	223,000	+ 2,400	225,400
O&M, Army Nat'l Guard	540,000	- 16,000	524,000	+ 6,000	530,000
O&M, Air Nat'l Guard	524,500	- 6,500	518,000	+ 2,500	520,500
Rifle Practice, Army	159	-	159	-	159
Claims, Defense	49,100	-	49,100	-	49,100
Contingencies, Defense	5,000	-	5,000	-	5,000
Court of Mil Appeals, Defense	864	-	864	-	864
Total Title III - O&M	22,965,323	-456,100	22,509,223	+245,500	22,754,723
Title IV - Procurement					
Aircraft Procurement, Army	181,000	- 41,600	139,400	-	139,400
Missle Procurement, Army	569,500	- 54,900	514,600	+ 10,500	525,100
Procurement of Weapons and Tracked Combat Vehicles, Army	238,000	- 13,700	224,300	+ 7,000	231,300
Procurement of Ammunition, Army	1,138,900	-207,600	931,300	+115,100	1,046,400
Other Procurement, Army	551,900	- 49,610	502,290	-	502,290
Aircraft Procurement, Navy	2,927,500	-142,300	2,785,200	+ 9,800	2,795,000
Weapons Procurement, Navy	933,400	-142,700	790,700	+ 82,000	872,700
Shipbuilding & Conversion, Navy	3,754,100	-300,300	3,453,800	+ 35,600	3,489,400
Other Procurement, Navy	1,393,800	-132,800	1,261,000	+ 2,900	1,263,900
Procurement, Marine Corps	180,000	- 6,068	173,932	+ 1,000	174,932
Aircraft Procurement, Air Force	2,906,800	-213,000	2,693,800	+155,100	2,848,900
Missile Procurement, Air Force	1,519,600	-148,100	1,371,500	+ 29,300	1,400,800
Other Procurement, Air Force	2,004,900	-399,300	1,605,600	+107,200	1,712,800
Procurement, Defense Agencies	70,700	- 4,700	66,000	+ 1,400	67,400
Total Title IV - Procurement	18,370,100	-1,856,678	16,513,422	+556,900	17,070,322
Title V - Research, Development, Test and Evaluation					
RDT&E, Army	2,095,200	-228,742	1,866,458	+105,315	1,971,773
RDT&E, Navy	2,709,100	- 93,035	2,616,065	+ 46,936	2,663,001
RDT&E, Air Force	3,192,000	-194,000	2,998,000	+ 47,600	3,045,600
RDT&E, Defense Agencies	479,400	- 18,000	461,400	-	461,400
Director of T&E, Defense	24,600	-	24,600	-	24,600
Total Title V - RDT&E	8,500,300	-533,777	7,966,523	+199,851	8,166,374
Title VI - Special Foreign Currency	2,600	-	2,600	-	2,600
Total Department of Defense - NOA	77,250,723	-3,144,414	74,106,309	+1,097,543	75,203,852
Transfer Authority (Sec. 735)	1,000,000	500,000	500,000	+300,000a/	800,000
Free World Force Support (Sec. 737)	2,100,000	-974,000	1,126,000	-	1,126,000
Transfers from Other Accounts	-	+387,300	387,300	+ 23,200	410,500

a/ To be available only for transfer among legal subdivisions within individual O&M appropriations.

Budget Authority and Financing, DoD Appropriation Acts
($ Millions)

	1972	1973	1974 Original Request, as Amended	1974 House Bill	1974 Current DoD Request
Budget Authority	$72,747	$75,385	$77,251	$74,106	$75,204
Transfers from other Accounts	946	1,337	-	387	410
Total financing available	73,693	76,722	77,251	74,494a/	$75,614
Deduct 1/1/73 pay raise supplemental		-688			
Deduct military retired pay	-3,921	-4,442	-4,706	-4,682	-4,682
Total financing, excluding 1/1/73 pay raise and military retired pay	69,772	71,592	72,545	69,812	70,932
Adjustments to put FY 1972 and FY 1973 figures on basis comparable to FY 1974:					
Wage Board Increases:					
6 mos. of FY 1972 increases	163				
12 mos. & 6 mos. of FY 1973 increases	440	220			
6 mos. of 1/1/72 pay raise	820				
12 mos. & 6 mos. of FY 1973 supplemental items	88	56			
Currency revaluation	320	242			
Purchase inflation	4,596	2,751			
Total adjustments	6,427	3,269			
Comparable totals	$76,199	$74,861	$72,545	$69,812	$70,932

a/ Detail does not add to total due to rounding.

The FY 1974 estimates reflect June 30, 1973 wage board pay rates. The FY 1973 figures reflect the average amounts paid, July 1, 1972 to June 30, 1973. The FY 1972 figures reflect such amounts, July 1, 1971 to June 30, 1972. It is therefore necessary for comparability to add 6 months of the FY 1973 raises to the FY 1973 figures and 12 months of these raises plus 6 months of the FY 1972 raises to the FY 1972 figures.

The 1/1/72 pay rates were in effect for 6 months of FY 1972, and for 12 months in FY 1973 and FY 1974.

Certain legislative items will cost $88 million on a full-year basis in FY 1974. $32 million was provided in the FY 1973 supplemental, so $56 million must be added to FY 1973 for comparability. These items did not exist in FY 1972.

Currency revaluations occurred primarily in the fall of 1971 (early FY 1972) and beginning in February 1973 (late FY 1973). The figures here are based on rates of exchange as of August 19, 1973.

Purchase prices rose by 4.6% from FY 1972 to FY 1973. For the period July 1-Sept 30, 1973, the first quarter of FY 1974, these prices were already 5.1% above the FY 1973 average. It is estimated that these prices, for FY 1974 as a whole, will be about 7% above the FY 1973 average. Setting aside pay and statutory allowances, the FY 1973 program was $39.[illegible] billion; 7% of that is $2,751 million. The FY 1972 program was $38.3 billion; 12% of [illegible] (4.6% and 7%, compounded) is $4,596 million.

DEPARTMENT OF DEFENSE
MILITARY PERSONNEL, ARMY

(Thousands of Dollars)

FY 1974 Request, as amended	$7,211,400
House Appropriation Adjustments	-79,963
House Bill	$7,131,437
DoD Appeal	+30,330
Current DoD Request	$7,161,767

Summary of Adjustments and Appeal

(Thousands of Dollars)

	House Adjustment	DOD Appeal
Permanent Change of Station Travel	$-25,500	$+25,500
Project Transition	-21,815	+21,815
Elimination of Marginal Performers	- 5,000	+ 5,000
Race Relations Counselors	- 750	+ 750
Armed Forces Entrance and Examination Station	- 900	+ 900
Career Counselors	- 1,182	+ 1,182
Graduate Training	- 6,739	+ 6,739
Military Strength Reductions		-36,386
Parachute Jump Pay	- 1,900	+ 700
Cost of Living Allowance	- 930	+ 930
Army Air Defense Operations	- 2,000	+ 2,000
Support of ADP Operations	- 1,200	+ 1,200
All Other	-12,047	-0-
TOTAL	$-79,963	$+30,330

JUSTIFICATION

Permanent Change of Station Travel

1. Average Enlisted Tour Length. The House bill denied an increase of $14.0 million caused by the Army's inability to achieve a 27 month average enlisted tour length in Europe and Hawaii. This request was disapproved because the Committee saw "no reason to fund this policy change." The reduction of the average enlisted projected tour length in Hawaii and Europe is not the result of a policy change by the Army. The 27 month average tour length projection in the original FY 74 budget submission was based on the assumption that there would be sufficient Unit of Choice Enlistments for oversea commands to fill first term enlisted requirements. However, there have not been sufficient enlisted volunteers to fill oversea requirements. The Army's requirement to maintain prescribed manning levels in Europe is dictated by the ongoing Mutual Balanced Force Reduction negotiations and national strategy, neither of which are directly formulated by the Army. Support of this national strategy has necessitated the assignment of some enlisted personnel overseas who have as little as 12 months remaining until their separation from the Service. These assignments cause the average tour length to be less than the desired 27 months. If these personnel were not assigned to overseas commands, severe enlisted personnel shortages

would currently exist in long tour overseas areas, particularly in Europe. Based on assignment actions that have already transpired in FY 74, it is unlikely that the Army can achieve a 27 month average enlisted tour length in FY 74 regardless of the management action taken. In addition, some of the enlistment options which are considered essential to the success of the Volunteer Army, such as the 2 year enlistment option for Europe, would have to be cancelled or curtailed because of the adverse impact personnel electing these options have on a 27 month average tour length requirement.

In summary, it should be emphasized that the reduction in the Europe and Hawaii average enlisted tour length is not the result of any policy changes by the Army. The reduction is caused by the lack of enlisted volunteers for Europe and this problem cannot be directly controlled by the Army.

2. Korean Tour Length. In addition, the House bill did not approve a request to decrease the Korean tour length from 13 to 12 months. The tour length was reduced for all Services in order to standardize the precribed tour lengths in short tour areas at 12 months. This reduction also eliminated the condition that required personnel assigned to Korea in late November and December from being separated from their families for two Christmas holiday periods.

3. Increase in Average Land Rates. The House bill also approved only half of the Army request for average land rate increases in FY 1974. The average rate increases requested for FY 1974 do not represent increases in costs that are projected for FY 74. Rather, these rate increases represent the actual increase that were experienced in FY 73 based on actual expenditures. The only rate increases in the amended FY 74 budget request over the FY 73 actual rates are those relating to specific tariff increases such as the 6% ICC tariff increase on HHG movements. If this reduction is not restored the Army will have insufficient PCS funds to execute its normal PCS requirements. This will result in a curtailment of PCS moves necessary to maintain Army units in a high state of readiness and will require extending personnel beyond their normal tour completion date. The effect of these extensions would merely transfer moves and associated costs from FY 1974 to FY 1975 and in the long run no real dollar savings would be achieved.

4. Impact of Denial. Based on assignment actions that have already transpired in FY 74, the Army cannot achieve an average enlisted tour of 27 months in FY 74. Primary cause is enlisted accession shortfall for overseas units. Europe strength could not have been maintained at authorized levels in FY 74 with a concurrent requirement to achieve a 27 month average tour length regardless of management action taken by the Army. Since accession and separation moves must be continued at program levels, rotational and operational moves during the last quarter of fiscal year 1974 would have to be virtually stopped to keep PCS spending within the amount approved by the HAC. This action would in effect shift FY 74 costs into FY 75 and would have a severe impact on morale because of extended tours and on the readiness of the entire Army due to undermanning of units.

Project Transition. The Army accepts the elimination of the Program, however, the HAC decision to reduce the FY 74 manpower by 4,363 manyears and 8,762 end strength removes trained personnel from units and reduces readiness. Personnel participating in Project Transition training have never been additive to the Army. Rather, these personnel are a part of a unit who, during the last part of their enlistment, are receiving training to prepare them for civilian life. Personnel participating in the Project Transition program are a part of the Army trained strength and available if required in an emergency. Elimination of the Project Transition program does not reduce Army manpower but only the opportunity for training for civilian life.

The specific military manpower cut of 8,762 should be restored to this program.

Elimination of Marginal Performers. The Committee stated a need for procedures to separate active duty enlisted personnel who are considered marginal performers.

The Army has recently enacted two programs to expeditiously separate marginal performers. One of these programs is on a test basis in Europe. Neither program provides for an officer board and both significantly reduce the administrative workload previously required. Commanders in the field understand that these programs are not to substitute for leadership and are not to be used to eliminate the slow learner who, given reasonable time and good leadership, will make productive soldiers.

A discharge for unsuitability without the officer board is the program being tested and is applicable to individuals in grade E-3 and below who have between 12 and 21 months service. Individuals being discharged under this program may receive either an honorable or general discharge depending on their military record. Europe expects that about 3,000 people will be separated under this program in FY 74. As the individuals separated will come from rifle squads, tank crews and other such organizations where the vacancy would degrade combat readiness, we plan to provide Europe 3,000 quality replacements for these losses.

The other program, which is currently in effect, is conducted during the individual training period--the first four or five months service. During this period those who cannot meet minimum standards because of performance, attitude, motivation and self-discipline are identified and expeditiously separated. An honorable discharge is furnished to individuals separated under this program and discharge is normally accomplished 72 hours following approval by the discharge authority. It is estimated that about 10,000 individuals will be separated under this program and our accession programs have been increased by a corresponding amount with the view of obtaining better quality people.

We believe that the two programs mentioned above comply with the committee's desire to simplify elimination procedures for marginal performers. However, the Army should be permitted to replace personnel so separated in order to maintain units at their authorized strength and thereby maintain combat readiness.

Race Relations Counselors. On 11 January 1973, SECDEF approved 1626 military RR/EO manpower positions, which were considered to be the absolute minimum to ensure program success. The HAC would reduce the program by 400. This represents a 24.6 percent reduction. The greatest impact would be on the brigade or equivalent level. The largest allocation of our manpower resources goes to that level where we have instituted a new organizational structure which is an integral part of Army tables of organization and/or distribution. It is too early to cut back these positions. The reduction would limit the capability to develop and conduct the RR Education and Training Program; limit the capability to keep the pulse on the racial environment; limit the capability to develop, revise and apply new initiatives to the Affirmative Actions programs; and drastically reduce the commander's capability to prevent racial incidents before they break out. This is not a counseling program but a program based on affirmative actions.

The specific military manpower cut of 400 should be restored to this program.

Armed Forces Entrance and Examining Stations. The Army continues to review the staffing of the AFEES, however, staffing reductions in direct proportion to workload reductions is not feasible. There is a fixed staffing requirement to operate an AFEES, and this figure is constant without respect to number of applicants appearing for examination. This is to say that a certain number of doctors, test administrators, administrative personnel and officers are required no matter how many applicants are processed in the station. Accordingly, a staffing reduction of the proposed magnitude could result in the closure of 20 of the 74 AFEES. A reduction in the number of AFEES would not result in significant, if any, savings since the money saved in terms of facilities and personnel costs would be offset by increased transportation, meals and lodging costs. Additionally, the increased travel and holdover time and the inconvenience for applicants make the closure of AFEES an unsatisfactory solution.

The specific military manpower reduction should be restored to this program.

Career Counselors. In order to better achieve a volunteer Army, a reenlistment goal of 1% of operating strength each month was recently established. This reenlistment goal is not being met at the present time. If this goal is to be met, maintenance of the career counselor force at current authorization is essential. Reducing the authorization from 1173 to 700 ($-1.182 million) will impact adversely on the reenlistment effort and attainment of established goals and produce an unacceptable career counselor/soldier ratio of one career counselor for 984 soldiers. The reasons why this ratio is unacceptable are that career counselors play a vital role in the retention of qualified and trained manpower. They conduct interviews with soldiers to discuss aims, goals, and fears of individuals, to include security, personal aptitudes and training opportunities, job satisfaction, stability, advancement, and military life. These are important in assisting the individual to arrive at a reenlistment decision. The career counselor is trained to evaluate the soldiers' occupational, educational and psychological background and to design an individual career plan within the Army. In addition to providing vital career guidance they serve to train and orient additional duty reenlistment personnel. These spaces are required if the Army is to meet its reenlistment goals.

The specific cut of 473 military manpower spaces should be restored to this program.

Graduate Training. The House Appropriations Committee reduced the training load and budget request for graduate training by an additional 10 percent above the 10 percent reduction recommended by the House Committee on Armed Services. This is a 20 percent reduction to the graduate training load of 1,473 manyears programmed in the FY 74 President's Budget.

As a result of a 1973 management review of the Army Civil Schooling Program a reduction was made in the FY 74 program. This management reduction enabled the Army to take the 10 percent cut in graduate training recommended by the House Armed Services Committee and this reduction (147 manyears at the graduate level) has been programed for FY 74. It will be extremely difficult for the Army to absorb the additional 10 percent reduction in graduate training imposed by the House Appropriations Committee because of the timing with respect to input of graduate students (mainly September).

Military Strength Reductions. The Army can accept the above manyear and associated dollar reductions made by the committee; however, we request that no end strength reduction be imposed above that contained in the authorization bill and that the Army be granted flexibility to achieve the reductions in programs other than those specified by the committee. The reductions for elimination of marginal performers and Project Transition do not have personnel

space authorizations associated with the program. Therefore, it is not appropriate to reduce Army units by the number of people associated with these programs. Reductions in race relations and career counselors, AFEES, and graduate training are not desirable and the Army requests authority to take equivalent manyear reductions elsewhere. Details on each of these items are discussed below.

Parachute Jump Pay. The Army questions the timing of the reduction to 27,500 spaces by end January 1974, and the size of the reduction. In that approximately 92% of the current 33,334 authorized parachute jumping positions are in combat units, a reduction of this magnitude will require taking major combat units off airborne status, reducing airborne training loads and facilities, reassessing spaces identified in third country advisor groups, and possible curtailment of enlistment and reenlistment of volunteers for airborne units, particularly in the combat arms skills. However, a reduction of 1,115 manyears can be accomplished during FY 1974 due to a continuing decline in enlisted volunteers.

A sizeable reduction in parachute spaces is being programmed during 1st and 2d Quarters, FY 75 by removal of the airborne designation for elements of the 101st AB Division (Airmobile) at Fort Campbell, Ky. The number of spaces to be redesignated is not firm at this time.

An earlier or larger reduction in airborne spaces or manyears other than outlined above would adversely impact on the flexibility of commanders to support contingency plans, would create personnel turbulence and morale problems, and result in a reduction of Army's readiness capability. A sudden reduction of this nature to 27,500 spaces would involve TOE Strategic Army Forces units, and could well impact on contingency plans involving other Services, Joint commands and possibly third countries. Deliberate planning required for contingency support should not be degraded to comply with an administrative completion date.

The Committee referred to a case wherein the Army was in the process of converting one brigade (two battalions) of the 8th Division in Europe from an airborne to a mechanized brigade. In this cited case of the two battalions taken off airborne status, an Airborne Combat Team (ABCT) of comparable size was formed in Italy and placed under SETAF control in order to maintain the geographical contingency capability.

Based upon the above, it is recommended that a reduction of 1,115 enlisted manyears be made in the FY 74 MPA appropriation for Parachute Jump Pay and the remaining manyears be restored.

Cost of Living Allowance. For the reasons given on page 45 of this appeal, the cost-of-living allowance is necessary and the $930 thousand reduction for this item should be restored.

Army Air Defense Operations. [Deleted]

Request the [Deleted]]$2.0 million be restored.

The $.500 million reduction should be restored.

Automatic Data Processing. The assumption is made that the $1,200 thousand reduction identified for Automatic Data Processing is intended to apply to the Combat Service Support System (CS3). The assumption follows from the OMA reduction against CS3 which establishes FY 1974 funding at the same level as FY 1973. A reduction of $1,200 thousand in MPA for CS3 would also establish MPA funding for FY 1974 at the FY 1973 level.

The FY 1974 CS3 estimated was predicted upon a schedule of testing which was envisioned as leading to extension of CS3 beginning in early FY 1974. Since the submission of the Army's request, however, field testing has revealed that although most elements of CS3 are ready for extension there is a need for modification of logistics software and a reconfigureation of hardware prior to extension. As a result extension is not now scheduled to commence prior to FY 1975. The FY 1974 estimate for CS3 has accordingly been readjusted to provide only for development of the logistics improvements, necessary retesting, and maintenance of ongoing operational test sites. The MPA resources from CS3 have been applied to maintain those systems which would have been replaced by CS3, i.e., the Division Logistics System (DLOGS) and the Personnel Management and Accounting Card Processor (PERMACAP).

On this basis it is recommended that the $1,200 thousand MPA be restored.

MILITARY PERSONNEL, NAVY

	(Thousands of Dollars)
FY 1974 Request, as Amended	$5,355,600
House Appropriation Adjustments	-73,605
House Bill	$5,281,995
DOD Appeal	18,040
Current DOD Request	$5,300,035

Summary of Adjustments and Appeal:

	House Adjustment	DOD Appeal
	(Thousands of Dollars)	
Elimination of Marginal Performers	$-625	$+625
Career Counselors	-930	+930
Race Relations Counselors	-250	+250
Intercultural Relations Counselors	-145	+145
Graduate Training	-5,578	+2,789
Enlisted Degree Training	-6,800	+5,100
Strategic Programs Manning	-3,658	+3,658
Southeast Asia Strength	-2,475	+2,200
Support of Other Nations	-1,064	+1,064
Cost of Living Allowance	-279	+279
Reduction in Dentists	-1,000	+1,000
All Other	- 50,801	-
TOTAL	$-73,605	$+18,040

JUSTIFICATION

Elimination of Marginal Performers. The Navy appeals the reduction of 500 enlisted end strength and $625,000. The Marginal Performer Early Release Program is intended to provide commanding officers an additional vehicle for eliminating those personnel identified as disciplinary problems and/or poor performers. These personnel so identified may be voluntarily, or in certain cases, involuntarily discharged. This policy does not in any way imply the billets these personnel occupy should not be retained in Navy end strength. It means that the personnel identified as marginal performers are performing at such a level that their continued service in those billets would be dysfunctional.

The billet created by a discharged marginal performer is filled as soon as a qualified replacement is available. As marginal performers are released from active duty, additional recruits are accessed to replace them.

In summary, the purpose of the Marginal Performers Early Release Program is to eliminate non-productive personnel in order to replace them with satisfactory personnel as soon as practicable.

Career Counselor Billets. At the present time ships and aircraft squadrons with more than 200 men have primary duty Career Counselor billets and account for 511 of the 872 career counselor billets. The only exceptions to this rule are the carriers which have 3 counselors (4 on CVAN 65) or one counselor per 1,000 men. Shore stations with over 400 men assigned have a primary duty counselor based on one counselor per 750 men. With the present distribution of primary Career Counselors, Navy is only affecting 63% of its population.

The career counselor billets are so distributed because of the highly mobile status of our fleet units. Each Career Counselor assigned to these units is a skilled individual whose expertise is required on a full time

basis because of the multitude of rapidly changing programs/ incentives which are available. Past experience has proved that an individual used in a secondary role as Career Counselor has not provided either the level of Career Counselor expertise or the time required to devote the individual attention required for a successful Career Counseling/Retention Program. To attract and retain quality individuals in the All Volunteer Force environment, full time Career Counselors are essential. To reduce the number of counselors would reduce the effectiveness of the retention program by expecting one counselor to provide services to three, or in some cases four, ships. This is not considered practical. Restoration of the 372 decrease in end strength and $930 thousand is requested.

Race Relations Training and Counselors. The Navy Race Relations Education Program is designed to satisfy fleet needs. As of three years ago, the Navy had less than one-half of 1 percent of its Officer Corps non-white. Few officers personally knew non-whites well enough to understand their values, systems, and backgrounds. Accordingly, Navy programs must differ from those of other, more-integrated, services.

The Defense Race Relations Institute, as a multi-service training facility, must of necessity concentrate on those training requirements common to all services. The Navy has predicated its need for supplemental training in a separate Race Relations school and Race Relations Education Specialists (RRES) upon the unique nature of the service. Unlike other services, the Navy is mobile and global, deployed in relatively scattered geographic locales or units. Rather than determine the numbers of RRES's needed on a trainer to population ratio, the Navy training model is built on a command ratio which underscores the reality of ships, not shore stations. Race Relations Education Specialists are Navy men and women who have volunteered to serve out of their rates, on a temporary, collateral basis to deal with the individual and institutional problems of racism. There is no rate speciality or Military Occupational Speciality for Race Relations personnel. Following the tour as an RRES, the specialist is automatically returned to his or her rating community.

The Committee asserts that race relations training may have seriously weakened discipline and degenerated into sensitivity, group therapy, rap sessions. On the contrary, the Navy's requirements to retain its own Race Relations school and sufficient number of RRES billets is predicated on a specific injunction to avoid those types of advocacy and confrontation sessions. The Navy does conduct its training in a participatory atmosphere, however, the decorum of a military unit is strictly maintained.

The Navy has resolved to solve its race problems within the context of a disciplined, military service. Removing its ability to provide both a training facility and trained specialists dedicated to the unique needs of the Navy seriously hampers these efforts. Restoration of the $250 thousand reduction is requested.

Intercultural Relations Counselors. National Policy requires that the Navy maintain a strong overseas presence capability. This mission and the overseas diplomacy mission element are directly supported by the Intercultural Relations Specialists who provide the leadership, expertise, training, and liaison assistance necessary to insure that presence forces are accepted by the host country.

The unique role of the Navy's deploying forces generates a need for extensive efforts to minimize undesirable impact of liberty parties in foreign countries after extended periods at sea. The overseas diplomacy program and cross-cultural training provides alternatives to actions that would normally cause frictions between host nationals and Navy men and teaches our sailors from rotationally deploying ships the importance of creating good relationships with local nationals.

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The Navy also has large numbers of families stationed overseas in attache offices, MAAGS and missions, and other capacities in which they daily come in contact with local nationals, and particularly with members of navies of allied countries. It is imperative that these people develop the very best rapport with their host nationals if we are to maintain our friendships and be able to count on Allied Navies to the extent required with today's foreign policy. To be able to keep this rapport requires the very finest working knowledge of the local culture.

And finally, reductions of men, material and money have made it necessary to homeport ships in overseas areas in order to meet international committments. Unlike the other services, the Navy has striven to maintain a high degree of flexibility by deliberately not building extensive support facilities to support the forward basing. This policy requires personnel and their dependents to live in and on the local economy with a much higher degree of interface between Americans and the host nationals. A far greater effort is required to prevent development of attitudes and incidents that generate friction and, consequently, claims against the U. S. government or demands for removal of U. S. Presence Forces.

The Intercultural Relations Counselor, in fact, operates as a trainer and diplomacy liaison specialist for the commanding officer rather than as a counselor. The attainment of an all-volunteer force requires that the Navy maximize overseas tour and job satisfaction. Recent reports from overseas commands coupled with attitudinal survey results have indicated that the ICR training has: (a) had a significant impact in assisting families in adapting to foreign lands; (b) increased the numbers of those personnel in E-4 to E-6 ranks who had stated an intention to reenlist, and (c) reduced incidents between Americans /host nationals at some overseas bases to zero. Other indications show a reduction in the numbers of personnel returned to CONUS because of a failure to adjust.

In view of the increasing frequency of Bloc country Navy unit visits to free world ports, it is essential that our personnel be capable of establishing the rapport with host nationals than enhances a continued Navy presence. Restoration of 66 military end strength is requested.

Graduate Training. In anticipation of a HASC 10% cut in graduate education, Navy reduced its FY 1974 average-on-board figure by 153 in graduate education, from its planned figure of 1,532. Navy controlled the input of officers to graduate education to remain just with the new average-on-board figure of 1,379 which would result.

In order to achieve the additional reduction in average-on-board for graduate education, we would now have to reduce student load by twice as much because of the fact that the fiscal year is half over. Thus the practical effect of an additional 10% cut in average-on-board would be that some 100 officers would have to be ordered out of school assignments where they are now in place in pursuit of advanced professional qualifications. Furthermore, orders to 200 officers to educational programs in December - January would have to be cancelled.

In addition to being wasteful of the taxpayers' money already spent, such a heavy-handed action would have a deleterious effect upon morale of officers affected. Furthermore, unbudgeted PCS costs associated with such an action would have an offsetting effect on other monies which may be recouped. No short term savings in teaching faculty will be achieved because most instructors at the Navy Postgraduate School are under constracts which run until the end of FY 1974 and will be on the payroll regardless of whether 300 students are removed.

Navy fully appreciates the need to limit advanced educational programs to the absolute minimum required to meet increasing technological and managerial demands. To this end an initial review of all billets

has been completed to validate or delete requirements for postgraduate education qualifications. A more comprehensive survey will be undertaken to further refine/reduce such requirements. In addition, stringent "pay back tour" requirements have been established to insure that postgraduate students provide maximum returns to Navy for the investment in their professional education. Restoration of $2,789 thousand is requested.

Enlisted Degree Training

1. Baccalaureate Degree:

The baccalaureate degree section includes the following two programs: (1) the Navy Enlisted Scientific Education Program (NESEP) and (2) Enlisted Degree Completion Program (EDCOP). Discussion of these programs follows:

a. NESEP: This program is foremost and primarily a commissioning program to serve two major goals. The first is to satisfy the increasing need for career line officers who possess undergraduate degrees strictly in the fields of engineering, mathematics, and the physical sciences. Secondly, the NESEP is the only means available by which a fleet experienced career oriented petty officer can seek, compete for, and achieve an unrestricted line commission in the regular Navy. This is and has been an eminently successful officer acquisition program. This program offers, for outstanding petty officers who also possess proper academic qualifications, four years of college education leading to a commission. The NESEP serves current and future Navy needs from both the technological and retention view points.

b. EDCOP: This program was originally planned to provide opportunities for enlisted personnel to gain a BS/BA degree in a period not to exceed 12 consecutive months as a full-time student at a civilian educational institution. It was ascertained in FY 1973 that there was no additional requirement for enlisted personnel with baccalaureate degrees and the program was modified in FY 1974 to include Officer Candidate School and a commission at the end of the program. The program has not been implemented pending a decision by the Chief of Naval Personnel regarding the need for an additional officer acquisition program. A decision has been made not to implement this program.

2. Associate Degree:

The Associate Degree Completion Program (ADCOP) provides increased opportunity for a highly motivated career petty officer to further his educational aspirations through a course of instruction in one of 14 Junior Colleges, which leads to an associate of science/arts degree in various occupationally related vocational and technical fields. The program has been revised recently to further emphasize quality in selection, to establish a stabilized training load of 2,500 for all out years and to implement a directed curricula of a management nature. This management education added to the technical expertise gained "on-the'job" or in Navy vocational schools will develop more capable leading petty officers and much improved managers in the senior enlisted ranks. ADCOP also provides a career incentive for outstanding petty officers by providing an opportunity for an increase in academic stature and the improvement in managerial proficiency while attaining an associate degree.

NESEP has only one input per year into a technically oriented commissioning program. FY 1974 input has been completed, and to reduce the load would require ordering candidates from school prior to completion of degree requirements. These prospective officers are considered essential toward satisfying an increasing need for career designated, technically qualified offiers. This program cannot be effectively reduced in FY 1974, consequently the reduction would have to be assessed against ADCOP.

ADCOP would be reduced by a load of 308 and $5.1 million. This would require that orders be cancelled on the 416 ADCOP students due to report in FY 1974. It would further require that 600 presently enrolled ADCOP students be disenrolled prior to January 1974. This would cause massive and unfounded disenrollment of students or equally massive waste of man years on campus, numerous PCS moves, and possible embarassment to the government in the eyes of both career designated enlisted men and participating colleges. Restoration of $5.1 million is requested.

Strategic Programs Manning. The rationale for the reduction in MPN is based primarily on the decommissioning of the SST-3 in July 1973 and the fact that AS-31 is in conversion until December 1973. End strength is considered, generally, to drop at an even rate during the fiscal year. Thus, ships such as SST-3 (47 billets) which drop early in the year are balanced by ships such as CLG-7 (972 billets) which drop late in the year. Deletion of manyears for the early drops without increases for the late frops would result in perennial underfunding of MPN. While the AS-31 is in conversion for six months of the year, it remains fully manned. In addition to the thousands of hours of overhaul work performed by the crew, a large amount of training (damage control, etc.) is accomplished. The PCS costs which would be involved in transferring the crew and then ordering in a new crew 5 months later are prohibitive. Additionally, the new crew would require extensive training before being ready to operate the ship. Thus no manyear savings have resulted, nor will they. Restoration of the $3,658 thousand reduction is requested.

Southeast Asia Strength. House Appropriations Committee rationale for the reduction is that when Navy was preparing its FY 1974 budget, it was planned to have 1,590 personnel at Navy Advisory Group USMACV. While this is true, as a result of the October-December cease-fire negotiations USMACV strength was adjusted downward to 112, the number included in the President's Budget.

Support of Other Nations - Program 10. The HAC recommends a cut of $1,064,000. Navy has not transferred any headquarters positions to Program 10. The four NATO headquarters at Norfolk have 74 foreign officers currently assigned instead of the 4 as indicated in the Committee report. Navy manpower allocated to NATO staffs is essentially controlled by International agreements. Unilateral adjustments by Navy in this category are not feasible unless these agreements are abrogated. Restoration of the reduction is requested.

Cost of Living Allowance. For the reasons given on page 45 of this appeal, the cost-of-living allowance is necessary and the $279,000 reduction for this item should be restored.

Reduction in Dentists. It is urgently requested that the 131 dentist man years and $1,000,000 be restored to the Military Personnel, Navy appropriation. The statement that justification was based on increased numbers or retired personnel is wholly incorrect. Amplifying information is supplied as follows:

Navy Dental Corps appeal for restoration of 131 man years.

1. The Navy's active duty dependent workload has consistently increased for Navy over the past four fiscal years as set forth in the following table:

Fiscal Year	
1971	74,669
1972	84,770
1973	121,800
1974	130,000 (estimated)

2. Navy dentist requirements are based solely on the active military population of the Navy and Marine Corps, and the dependents of these active duty members in overseas or isolated areas where adequate civilian dental care resources do not exist.

3. The requested increase is intended not only to improve existing dental service, but in recognition of the fact that such services are an important recruitment and morale factor in the attainment of the All Volunteer Force. The Navy Dental Corps is not now meeting the total dental treatment needs of the active duty military population and can provide only very limited dental care to the eligible dependent population segment.

NAVY MILITARY PERSONNEL PAYMENTS TO INTERNAL REVENUE SERVICE

Military Personnel, Navy (MP,N)

The House Report on the Second Supplemental Appropriation Bill 1973 on the MP,N overobligation directed the Navy to finance with FY 1974 MP,N funds unpaid withholding taxes due the Internal Revenue Service for fiscal years 1969, 1971 and 1972. The following language is necessary in the FY 1974 MP,N appropriation language in order to provide legal authority for the foregoing purpose. Funds so authorized for transfer shall be available exclusively for payments to IRS for unpaid taxes:

> "of which not to exceed $9,900,000 shall be transferred to appropriate accounts under this head for the fiscal years 1969, 1971, and 1972 but only in such amounts as are necessary for payments to the Internal Revenue Service for unpaid withholding taxes, and the accounts in such fiscal years shall be adjusted accordingly."

MILITARY PERSONNEL, MARINE CORPS

(Thousands of Dollars)

FY 1974 Request, as amended	$ 1,555,800
House Appropriations Adjustments	- 6,348
House Bill	$ 1,549,452
DoD Appeal	+ 5,082
Current DoD Request	$ 1,554,534

Summary of Adjustments and Appeal:

	(Thousands of Dollars) House Adjustment	DoD Appeal
Elimination of Marginal Performers	$ -1,250	$ +1,250
Project Transition	-2,735	+2,735
Career Counselors	- 585	+ 585
Graduate Training	- 852	+ 426
Military Personnel Assigned to Other Government Agencies	- 40	+ 40
Cost of Living Allowance	-	+ 46
All Other	- 886	-
Total	$ -6,348	$ +5,082

JUSTIFICATION

Elimination of Marginal Performers. The Manpower Plan, specifically the Gain and Loss estimates, upon which the Marine Corps' Fiscal Year 1974 Military Personnel appropriation request was based projected losses of some 6,700 Marines in categories analogous to the "Convenience of the Government" category discussed by the House Committee on Appropriations. The Committee has set a Marine Corps goal of 1,000 additional "marginal performers" to be discharged as such during the rest of Fiscal Year 1974. Those discharges would reduce the Marine Corps' manpower requirement by 250 manyears and its appropriation request by $1,250,000. The Marine Corps appeals that reduction as an implicit "double count" of losses already incorporated in its Manpower Plan and requests restoration of 1,000 end strength, 250 manyears, and $1,250,000.

The Marine Corps has long recognized the need to eliminate marginal performers and has discharged such Marines honorably and under honorable conditions for several years. This program allows the greatest number of marginal performers to be discharged within the provisions of a Marine Corps policy which requires a sincere effort to rehabilitate the problem Marine through application of sound leadership, rather than summarily expediting his removal from the service. During Fiscal Year 1973 over 9,200 Marines were separated in generally similar categories. While this figure does include some individuals who had less than one year of service and some who were discharged under conditions less than honor-

able, a substantial number did fall into the category referred to by the Committee. Realizing this problem would continue, projected loss figures in the Fiscal Year 1974 Marine Corps Manpower Plan included the projected attrition of 6,700 Marines who will be similarly discharged. Although the Marine Corps does not specifically categorize those individuals who have completed at least one year of active service and who will receive an honorable discharge, a significant number, well in excess of 1,000, will be marginal performers. To include an additional 1,000 such losses results in an artificially inflated projection of Marine Corps losses and would result in the discharge of Marines whose performance level could be raised to satisfactory with concentrated guidance and supervision. Also, since they would be lost without replacement, they represent a permanent decrease in manning of the Fleet Marine Forces, a decrease equivalent to one infantry battalion.

Project Transition. The Marine Corps' Fiscal Year 1974 Military Personnel appropriation request contained no uniquely identified dollars associated with Project Transition. The dollars associated with those Marines undergoing Transition skill training are included among those requested under Pay and Allowances, Enlisted and Subsistence. The House Committee on Appropriations reduced the Marine Corps Fiscal Year 1974 Military Personnel appropriation request by $2,735,000 representing the dollars associated with enlisted end strength and manyear reductions of 1,095 and 547, respectively. The Committee based its reduction on the proposition that Marines perform no productive function while participating in Transition skill training; the time spent by participants represents time which is not required for military duties; therefore, should Project Transition be terminated, as recommended by the Committee, the manyears and associated end strength consumed by participants could be deleted from the Marine Corps manpower program with significant dollar savings. The Marine Corps has no military manpower specifically authorized for support of Project Transition; the program has been executed by the Marine Corps from within existing resources. Marine Corps witnesses agreed with the Committee that Project Transition represented a drain on in-service manpower, detracting from day-to-day operations and training and, hence, from combat readiness.

The Marine Corps appeals the end strength, manyear and dollar reduction levied against Project Transition and requests restoration of the 1,095 end strength, 547 manyears and the associated $2,735,000. While Transition participation detracts from day-to-day operations, those Marines participating are, in fact, trained Marines whose presence in the active duty structure represents combat-deployable resources. There is little doubt that should the need arise, those Marines would be available for full duty. To reduce end strength by 1,095 Marines, however, would permanently reduce the Marine Corps' capability. Since Transition participants are spread throughout the Marine Corps, the commands concerned were able to work around the temporary, short term loss of manpower as one of the costs associated with executing a program from within existing resources.

However, the reduction imposed by the House Committee on Appropriations represents a permanent loss of manpower equivalent to one infantry battalion; a loss which will be reflected in decreased manning of the Fleet Marine Force and the Support Establishment.

As a related matter, the Committee Staff has advised that the reduction of 1,095 end strength, 547 enlisted manyears and the associated $2,735,000 was based upon the Committee's estimate that each of some 6,600 Fiscal Year 1974 Transition skill training participants would spend one-sixth of a year in the program. Those factors, then, would generate an average participant strength of 1,095. The manyear and dollar reductions are based on 1,095 Marines at one-half the annual rate of $5,000 from which, in turn, one infers that the Committee anticipated termination of Transition training as soon as the Appropriation Act became law. In its testimony before the House Committee on Appropriations, the Marine Corps indicated that Transition participants might spend from one to six weeks in the program. The Marine Corps cannot dispute the contention that some participants might spend eight weeks (one-sixth year) in training; however, in its testimony the Marine Corps estimated that the average Marine participant loses about two weeks of on-duty time. From that testimony one can infer that the average student strength would be 253. If the Marine Corps were to phase out Transition training gradually between now and the Committee's recommended termination date of May 31, 1974 the manyear and dollar reduction would be applicable to the 253 average strength at the quarter-year rate. Consequently, the Committee's estimate of 1,095 end strength associated with Transition participants appears to be inflated by some 842 Marines (i.e., the difference between the Committee's estimate of 1,095 and the Marine Corps' estimate of 253). Likewise, the Committee's estimate of manyears and dollars to be reduced appears to be inflated by some 484 manyears and $2,420,000 (i.e., the difference between the Committee's estimate of $5,000 applied to 1,095 end strength at the half-year rate and the Marine Corps estimate of $5,000 applied to 253 end strength at the quarter-year rate: 63 manyears and $315,000).

Career Counselors. The Marine Corps originally requested $3,088,000 in Fiscal Year 1974 to support 434 Marine Corps career planners (counselors). The Committee reduced this by $585,000 or 234 personnel to establish a Marine Corps ratio of one career counselor to every 1,000 Marines. The Marine Corps appeals the reduction and requests restoration of the total $3,088,000 originally requested for three reasons: first, the percentage of reenlistments needed from Marines who end their active service and are qualified to reenlist is higher this year than at any time in the last ten years; second, the Marine Corps career planner performs double duty, that of counseling Marines to reenlist and also the exacting and specialized administrative processing of reenlistments and attendant bonuses and options, a function which would have to be performed by an administrative man if the career planner did not do it; and third, because

of the Marine Corps' mission requirements, the Marine Corps career planner must be assigned to the smallest unit (battalion/squadron) which can be deployed by itself. While some battalions are larger than 1,000 Marines, squadrons are always smaller. This necessarily increases the number of counselors and reduces the average number of Marines served by each counselor.

To meet career force levels in Fiscal Year 1974, the Marine Corps must reenlist 22.5 percent of its planned Expiration of Active Service losses, the highest reenlistment percentage required since the Marine Corps career planning organization was established.

The Marine Corps career planner is both a reenlistment counselor and a reenlistment processor in an especially exacting area of administration. Because of the law and the method of contracting further service, the Marine Corps in the late 1960's elected to form a separate cadre of Marines for this function rather than classify if as a general administrative function and augment and train all administrators to perform it. The result of this decision is the Marine Corps career planning organization today. There are 38 Marine career planners assigned in the specialized area of processing enlistments and effecting enlisted assignment and classification options at Headquarters, Marine Corps. There are slightly more than 100 career planners from Fleet Marine Force to Regimental/Air Group level acting as processors, involved in programs to assist retention and to educate and qualify Marines for reenlistment and assisting Marines with problems and requests who are referred to them by subordinate career planners. At the battalion/squadron or unit level there are approximately 230 career planners (one to 750 Marines) actually counseling Marines.

This Marine Corps career planner also does double duty as a counselor and an administrative man. He must interview each Marine a minimum of four times before he leaves the service. In addition, since he has no administrative assistants he must help many Marines who wish to reenlist to qualify in such areas as education, aptitude area scores and lateral moves to other Military Occupational Specialties (MOS's) if they are serving in an oversubscribed MOS. In rare cases, fewer than four interviews are required to accomplish this. More often, one or more man-days on the career planner's part, with the help of a supervisory career planner, are required to qualify a Marine for reenlistment, prepare the necessary reenlistment forms, and the Variable Reenlistment Bonus (VRB) forms, if required, and forward them to Headquarters Marine Corps. There the reenlistment, lateral move, VRB and reenlistment option are approved and appropriate orders are issued by the other career planners acting as detailers and processors. It can readily be seen that even if the Marine Corps career planners were reduced to 200, the level of specialized administrative functions now performed by career planners would remain unchanged and the functions would have to be performed by other Marines.

The Marine Corps is a highly mobile, task-organized force. Career planners must be, and at this time are, assigned to the smallest unit (battalion/squadron) which can deploy by itself. On Thanksgiving Day 1973, 12 such units were in fact deployed away from their home bases. The Marine Corps career planner must be able to move with his unit. The concept of assigning career planners with administrative assistants only to major bases, which works well for the Air Force and reduces its need for career counselors identified as such, would not be effective in the Marine Corps.

Marine commanding officers are deeply involved in career counseling at this time. However, the Marine commander has more responsibilities than career counseling, not the least of which are the tactical employment of his unit, the readiness and condition of his equipment, and the training and well being of his Marines. To say that the commander shirks his responsibilities of reenlistment and career advice to his troops by having a career counselor assigned is also to say that the commander shirks his tactical responsibilities by having an operations officer, his logistics responsibilities by having a logistics officer or his training responsibilities by having a training officer. The fact is that all of these positions are integral to, and a vital part of, each military unit of battalion size and larger to assist the commanding officer in carrying out his responsibilities in an orderly and efficient manner.

Since the functions of reenlistment counseling and the special administrative process of reenlisting Marines is one which is mandatory to the continued existence of the Marine Corps, these are functions which must be performed. The Marine Corps has operated in the past without career counselors but has been unable for the past twenty years to maintain the necessary numbers of reenlistments without a career planning organization of the size similar to that which it has today.

Graduate Training. The Fiscal Year 1974 Military Personnel, Marine Corps appropriation request did not contain uniquely identified dollars associated with the 236 officer graduate education spaces requested. Those dollars are part of the total requested for Pay and Allowances, Officers. The House Committee on Appropriations Report implicitly levies a ceiling of 188 officer graduate education spaces upon the Marine Corps, a reduction of 24 spaces from the 212 authorized by the House Committee on Armed Services in its Report 93-383 accompanying the Fiscal Year 1974 Defense Authorization Bill, HR 9286.

After the Fiscal Year 1974 Manpower Program and the Military Personnel appropriation request to support that program had been submitted to the Congress, the Marine Corps determined that it had allocated too few officer student manyears to post-commissioning basic military training; that is, there were insufficient manyears in that part of the Professional Training program devoted to The Basic School to allow all newly commissioned officers to attend that course. Consequently, some officers commissioned in various aviation

accession programs would not get the opportunity to attend The Basic School but would go immediately to flight training, contrary to the Commandant of the Marine Corps' decision that, in peacetime, all officers should receive Basic School instruction.

The Marine Corps did not appeal the 24 graduate education space reduction imposed by the House Committee on Armed Services. Instead, in keeping with the intent of that Committee, and in view of the understatement of its requirement for basic-level Professional Training, the Marine Corps revised its Professional Training program. In essence, it gave up the 24 manyears and end strength associated with the House Committee on Armed Services reduction and, further, shifted 62 more officer training spaces within the Professional Training program from the relatively high-cost graduate degree program to lower cost post-commissioning basic-level officer training.

The Fiscal Year 1974 column of the Fiscal Year 1975 budget will reflect a reduction of 86 officer manyears in graduate education. The Marine Corps officer end strength will reflect a reduction of 24 associated with the House Committee on Armed Services reduction. The remaining 62 manyears and end strength will be reflected as an increase in officer basic-level Professional Training. Should the House Committee on Appropriations additional reduction of 24 manyears be reaffirmed in the Fiscal Year 1974 Appropriations Act, the result would be a further end strength reduction of 24 officers and 48 fewer lieutenants attending The Basic School for its half-year course. Consequently, the Marine Corps appeals the reduction of 24 officer spaces and $426,000 of the 48 space and $852,000 reduction levied against officer graduate education.

Military Personnel Assigned to Other Activities. A reconciliation of the difference between the Department of Defense and other agencies of the Federal Government showed four Marine Corps personnel who were not filling positions for which they were requested and justified. The Committee reduced the Service request these four vacant positions and the $40,000 associated therewith.

Information available at the time the President's Budget was submitted indicated that fourteen Marine Corps personnel would be occupying reimbursable billets with the Selective Service System during Fiscal Year 1974. Subsequent to budget submission, Colonel Maxwell O. JENSON 530 01 0520 USMCR retired from State Headquarters, Sacramento, California on April 1, 1973. Three other Selective Service reimbursable billets were never filled nor were officers called to active duty to fill these positions or any spaces in the direct program. Requests have been received from the Director of the Selective Service System which have reduced or will further reduce the number of Marine Corps officer reimbursables. Individuals released from active duty or about to be released from active duty include:

a. Lieutenant Colonel Clare E. FLYNN 368 24 6244 USMCR was to be involuntarily released from active duty on September 1, 1973 but is currently awaiting medical qualification for separation.

b. Major James R. MCCARTER 249 14 0449 USMCR was involuntarily released from active duty on October 31, 1973 from State Headquarters, Springfield, Illinois.

c. Major Thomas C. ARMSTRONG 227 12 0020 USMCR is to be involuntarily released from active duty on November 30, 1973 from State Headquarters, Sacramento, California.

Consequently, the Marine Corps does not appeal the four space reduction from our total program and the Fiscal Year 1974 column of the Fiscal Year 1975 President's Budget will reflect both the strength and dollar reduction in the reimbursable program. However, the Military Personnel, Marine Corps Appropriation essentially only provides dollars for the direct program; therefore, the Marine Corps requests restoration of the $40,000 reduced from that appropriation request.

Cost of Living Allowance. For the reasons given on page 45 of this appeal, the cost-of-living allowance is necessary and the $46,000 reduction for this item should be restored.

MILITARY PERSONNEL, AIR FORCE

(thousands of dollars)

FY 1974 Request, as amended	$ 6,932,500
House Appropriation Adjustments	- 46,089
House Bill	6,886,411
DoD Appeal	+ 27,322
Current DoD Request	$ 6,913,733

Summary of Adjustments and Appeal:

(thousands of dollars)

	House Adjustment	DoD Appeal
Elimination of Marginal Performers	- $ 1,250	+ $ 1,250
Military Personnel Assigned to Other Activities	- 970	+ 970
Promotion to the Grade of Captain	-	-
Race Relations Training	-	-
Medical Training of Cadets	-	-
Equal Opportunity and Race Relations Counselors	- 250	+ 250
Graduate Training	- 6,980	+ 3,490
Project Transition	- 6,230	+ 5,959
High School Level Training	-	-
United States Armed Forces Institute	-	-
Southeast Asia Related Reductions	- 15,298	+ 15,298
Cost of Living Allowance	- 105	+ 105
Other Reductions	- 15,006	-
Totals	- $46,089	+ $27,322

JUSTIFICATION

Elimination of Marginal Performers. The House recommended that the Air Force adopt a simplified procedure to separate active duty enlisted personnel who are considered marginal or non-productive performers, or whose presence creates an administrative burden, or whose performance has been non-contributory to unit readiness and mission accomplishment. The intent is to supplement long established procedures involving detailed board actions. The recommended procedures would effect a loss of personnel without replacement. Individuals potentially affected would be those in the first enlistment in pay grades E-3 or below, who have completed at least one year of active duty. Discharge would be voluntary, and character of discharge would be honorable. Tentative goal for the Air Force in FY 1974 is set at 1,000.

Existing Air Force programs are designed to identify and discharge marginal and unproductive enlisted personnel. Air Force has long had a procedure for early identification and involuntary elimination of a member who fails to meet minimum retention standards during the first 179 days of service. There is also a procedure for discharge of marginal airmen who have failed to progress satisfactorily after completing more than 21 months and less than 24 months active duty.

In August 1971, a program was implemented to discharge first term airmen whose retention is prejudicial to good order and discipline.

The combined effect of these programs removes the unsuitable, ineffective and marginal performers through "convenience of the government discharges." The Air Force considers these previously established programs to be adequate and to fully accommodate the Congressional objective of discharging marginal performers.

Under the Air Force system, the commander is responsible for mission effectiveness, and is tasked to identify and discharge marginal and ineffective personnel. Commanders should not be placed in a position of negotiating with this category of performer to obtain a voluntary request for release from the Service. A voluntary program for quality reasons as envisioned in the House report, could be abused by individuals attempting to avoid Service obligations which they voluntarily agreed to serve on entry and for which they were given costly training.

A presumption appears to exist that the 1,000 eliminees would be over and above expected attrition under other programs. Actually, it is more reasonable to expect that discharges under other provisions would decrease in direct proportion to the commanders use of the proposed voluntary separation of marginal performers. The Air Force appeals the recommendation for elimination of marginal performers.

It is requested that 250 manyears and $1,250,000 be restored.

Military Personnel Assigned to Other Activities. The House reduced 97 officer spaces and $970,000 on the basis that these positions are vacant and the financing for these personnel must be within budget resources although these services are reimbursable. The Air Force reported 221 personnel assigned on a full-time basis against the authorizations of 318 included in the budget submission. In reducing this difference of 97 spaces, recognition was not given to the validated manpower spaces in support of NASA which are required on a part-time or as-required basis. Because of the intermittent nature of NASA requirements, these spaces were not included in the reported 221 full-time assignments. However, these positions are a valid requirement and restoration of 20 spaces is required for that purpose.

The Air Force budget request did not include funds for personnel assigned to other agencies on a reimbursable basis. This resource is additive to the budget request and, to the extent that reimbursements will not be received, the total Air Force strength is adjusted to avoid assignments and payment of such personnel from within funding resources. The reduction of $970,000 would impact on payments to personnel within the active duty strength exclusive of the reimbursable spaces.

It is requested that 20 spaces and $970,000 be restored.

Equal Opportunity and Race Relations Counselors. The House reduced the total number of military race relations and equal opportunity counselors by 150 and funding by $250,000 on the basis that the Services have gone completely overboard in their reaction to the race relations problem and that training designed to promote harmony among service members may have seriously weakened discipline.

Air Force Equal Opportunity programs are the result of Executive Orders 11375 and 11478. These Executive Orders as implemented by Department of Defense Directive 1100.15 charge military commanders with initiating necessary action to oppose and overcome discrimination. To assist commanders in accomplishing required equal opportunity objectives, minimal specialist staffing is provided. Equal opportunity officers and

noncommissioned officers insure implementation of Command equal opportunity programs and, by definition, are program managers. The number authorized per installation is determined by size of the authorized military population of the installation.

Of the 215 equal opportunity personnel assigned (world-wide) to this program, none are designated as counselors. These personnel assist commanders to insure equal opportunity for uniformed members, including the issuance and implementation of written instructions as necessary. Further responsibilities of these personnel include establishing and maintaining affirmative action programs that identify areas of deficiency and provide a means of correcting them.

The aforementioned Defense Department Directive promulgated in December 1970 has had a signal effect in dampening racial discord experienced by the Air Force (as well as other Services) beginning in 1968. Air Force discipline and morale have been enhanced since institution of this program.

To improve further the racial climate in the Services, the Defense Race Relations Institute was established in 1971. The 459 Air Force personnel assigned to this program provide 18 hours education in race relations to installation personnel annually. Ideally, education in race relations should be taught by two-man teams with a majority/minority racial mix. At Department of Defense direction, instructors were selected and trained at the Defense Race Relations Institute based on this rationale.

The Air Force allocation of race relations instructors is fifty percent less than that required for team instruction. This action was taken to reduce personnel costs. Many smaller installations were not provided authorizations for race relations instructors to further reduce costs.

One essential element in attaining the goal of maintaining the highest degree of organizational and combat readiness is the presence of harmonious relations among military personnel. Race relations instructors have greatly assisted commanders in the maintenance of this harmony. Reduction of Air Force equal opportunity management specialists and race relations educators below the current very austere level would be detrimental to required military preparedness. Air Force race relations instructors are not counselors; in fact, they are full-time classroom educators. The lessons learned in recent years verify that these specialists are an essential ingredient of military management.

Disorders of the type experienced by the Air Force in 1970 and 1971 were the unnecessary result of failure to effectively address bias and attitudes developed through national experience. Equal opportunity or race relations training has not weakened discipline in the Air Force. Air Force directives on race relations training specifically prohibit the reciprocal use of first names between officers and airmen or sensitivity training and offensive encounters between instructors and students or between students. These programs must continue at current manning levels to prevent racial tensions, unrest and violence.

It is requested that 150 positions and $250,000 be restored.

Graduate Training. The House reduced the training load and budget request for graduate training by twenty percent. This is an additional ten percent reduction made to the Defense Authorization Act.

Fully funded graduate education program inputs have been cut thirty percent in the past three years which has caused the resource of officers possessing graduate degrees to fall 4,000 short of the 17,000 objective. Annual education inputs for FY 1974-1977 are aimed at eliminating this shortage by FY 1979.

The four year program considers projected gains from students presently in school and resources obtained from off-duty and Air Force education delay programs through FY 1979. It also considers projected losses from attrition during that period. A further reduction of ten percent applied against FY 1974-1977 inputs will preclude elimination of this deficit.

The inventory objective is based upon the need to have 1.5 officers with graduate degrees in the inventory for each requirement to keep the billets requiring graduate education filled. This inventory objective is necessary to facilitate assignment of graduate degree holders to fulfill their share of remote tours, and for the assignment of some of these officers to operational jobs.

The Air Force makes every effort to reduce the costs necessary to meet those requirements. The fully-funded program is calculated to meet only sixty percent of the total requirement for graduate educated officers. The remaining forty percent is met through off-duty and AFROTC education delay programs. The education delay students finance their own education and eighty percent of the off-duty students use Veterans Administration benefits.

The requirements needed through the fully-funded program are in hard-core engineering, science, and technical management academic disciplines. The off-duty, education delay, and service school associated programs produce very few officers with degrees in these limited resource areas.

A comprehensive and detailed management program for graduate education is in effect in the Air Force. Advanced academic degree requirements were placed on manpower documents in October 1972 and in November 1972 the Advanced Academic Degree Management System was implemented. This system requires precise requirements, identification and validation on a periodic basis. In addition, the policy of immediate utilization of fully-funded program graduates has been implemented. The matching of graduate degree resources against the established requirements will improve on a continuing basis as each permanent change-of-station is affected in future years.

A further reduction of rated officer participation in graduate education programs is not considered appropriate. In addition to the requirement for rated officers with graduate education in certain operational jobs, the Air Force Personnel Plan includes the need for officers in the rated supplement to have graduate degrees to perform in positions in the supplement. The Air Force has and will continue in the future to keep the fully-funded education of rated officers at a minimum consistent with the mission requirements of the Air Force.

As of 21 November 1973, 370 new student inputs have already entered or are in the process of moving to the civilian institution program against the FY 1974 quota of 670, leaving a balance of 300 inputs for the remainder of the fiscal year. The annual quota already reflects the student-load provided in the Defense Authorization Act. An additional ten percent cut results in an additional cut in load (equal to manyears) of 196. Since it is now late in the fiscal year, the load cut translates into a 392 reduction in new student inputs to civilian institutions during the last half of FY 1974 which equates to fifty-eight percent of the FY 1974 inputs in civilian institutions. Therefore, the additional ten percent reduction requires immediate curtailment of all new student inputs to civilian institutions for the remainder of the fiscal year. In addition, 92 students already entered in degree programs will have to be withdrawn from school.

It is requested that 196 spaces and $3,490,000 be restored.

Project Transition. The House recommended that all Transition services be terminated by 31 May 1974 and reduced the Air Force end strength by 2,490 and manyears by 1,246. The recommendation that all Transition services be terminated by 31 May 1974 is not appealed, however, the end strength, manyear, and fund reductions are overstated since no additional student end strength has ever been provided for this program.

The Air Force has allocated manpower authorizations (8 officers, 364 enlisted personnel) to administer and support the Transition program, therefore, the end strength reductions should be limited solely to such authorizations. Further, the recommended manyear and dollar reductions provide resources for only a six month operation. To permit the orderly termination of the program by 31 May 1974, restoration of sufficient resources for operations through eleven months of fiscal year 1974 is required.

It is requested that 2,118 end strength and 1,215 manyears, and $5,959,000 be restored.

Southeast Asia Related Reductions. The House made reductions of 6,000 spaces and $15,298,000 on the basis that negotiation settlements in Vietnam and Laos and the Congressionally mandated bombing halt in Cambodia would permit a reduction in the incremental manpower authorizations for SEA operations. The reduction of 6,000 authorizations would require [redacted] to a level inconsistent with the continuing threat in Southeast Asia.

The 16,000 incremental space authorizations were provided to meet requirements of forces deployed and operating in Southeast Asia. The forces are still deployed and operating in Southeast Asia to deter North Vietnam forces from renewed combat operations. As long as the forces remain in Southeast Asia, the incremental authorizations are required to maintain a visible capability to renew combat operations at a level of readiness sufficient to deter North Vietnam.

The House correctly indicated that the initial budget submission provided for continuation of the Military Assistance Command Vietnam (MACV) Headquarters through end fiscal year 1974. These personnel and

authorizations have been transferred to Thailand to the Headquarters United States Support Activities Group/Seventh Air Force that assumed the air responsibilities formerly discharged by MACV. This headquarters is required to maintain the command structure essential for maintenance of the deterent capability in Southeast Asia.

It is requested that 6,000 spaces and $15,298,000 be restored.

Cost of Living Allowance. For the reasons given on page 45 of this appeal, the cost-of-living allowance is necessary and the $105,000 reduction for this item should be restored.

Other Reductions. The other reductions in the House Bill are as follows:

	(thousands of dollars)
Military Personnel Assigned to Defense Agencies	-$ 5,115
Inter.Service Training	- 87
Defense Bands (Academy)	- 58
Consolidation of the North American Air Defense Headquarters and the Aerospace Defense Command	- 5,300
Program 10 "Support of Other Nations"	- 1,070
Uniform Services Savings Deposit Program	- 700
Physicians and Dentists	- 1,300
Enlisted Aides	- 1,376
Total	- 15,006

RESERVE PERSONNEL, NAVY

(Thousands of Dollars)

FY 1974 Request	$212,100
House Appropriation Adjustments	-2,697
House Bill	$209,403
DOD Appeal	+ 2,291
Current DOD Request	$211,694

Summary of Adjustments and Appeal:

(Thousands of Dollars)

	House Adjustment	DOD Appeal
Strength Shortfall	$-1,000	$+1,000
Phased Force Component	-93	+93
System Analysis Divisions	-598	+598
Navy Junior ROTC	-600	+600
All Other	-406	-
TOTAL	$-2,697	$+2,291

JUSTIFICATION

Strength Shortfall. It is agreed that it is unlikely that the Navy will attain its goal in Pay Group F strength. In the Authorization Act, Public Law 93-155 enacted on November 16, 1973, the Navy is required to program to attain an average strength of not less than 119,231 selected reservists. This is an increase of 2,250 from the average strength of 116,981 requested in the President's budget. While no additional funds have been provided to meet this increase, the Navy had expected to use funds available from the Pay Group F shortfall to help meet this mandated strength. The reduction of $1,000,000 will prevent attainment of the strength required by the Authorization Act. Request restoration of $1,000,000.

Phased Forces Component. Although it appears that Phased Forces often duplicate other Selected Reserve units, they exist because funding constraints have prevented maintenance of strength on a pay basis in numbers adequate to meet mobilization requirements. In many cases, separate units exist to avoid having pay and non-pay personnel performing the same tasks side-by-side. Elimination of these units will deny the Navy adequate trained personnel to meet mobilization requirements. Request restoration of $93,000.

Systems Analysis Divisions. RSAND's are unique organizations which provide warfare and logistics commanders the critical analytical skills required to match the increased tempo of mobilization operations. Their existence recognizes the high demand for operations research skills in any national emergency. These skills are, in fact, generally in short supply and in an emergency are in demand by all sectors of the economy in recognition of the need to do more with less resources.

Personnel accepted into the program must meet three professional standards. The first of these is bona fide operational experience. The second quality is an educational level of approximately a masters' degree in an appropriate discipline such as mathematics, statistics, operations research, economics, sciences and engineering. The third quality is first hand, direct contributory systems analysis experience obtained either while on active duty or post active duty civilian employment.

RSAND's are also unique in that they represent high peacetime utility. Their peacetime training consists of familiarization with their wartime duties by working directly for their wartime commander in the units mobilization role. Training consists of using attained skills on current operational and logistical problems that the commander could likely encounter in emergency situations. Thus, RSAND's represent not only a standby need but also a current return on investment in reserve forces. The loss of RSAND's, particularly during a time of active military and civilian strength reductions, represents a significant reduction in the analytic capabilities of the Navy. Request restoration of $598,000.

Navy Junior ROTC, (NJROTC). Present DOD policy allows each newly established unit a period of three years to attain the minimum enrollment of 100 cadets. This permits an orderly growth commencing with the sophomore class and progressing to include three classes by the end of the third year. The NJROTC has doubled the number of units in the past two years. This accounts for the large number of units below the minimum strength. Similarly, units which drop below minimum strength are allowed a one year probation. If they cannot restore strength they are phased out over the succeeding two years to permit completion of the classes already enrolled. In addition, legislation has recently been passed by both houses of the Congress and sent to the President authorizing the counting of female cadets in the strength of NJROTC units. This legislation will permit an immediate increase in strength in several units now slightly below minimum strength. The policy contained in the Committee's mark prohibiting the establishment of new units until all units below strength are disestablished would cause a considerable delay in the expansion of the JROTC.

The rapid expansion of the NJROTC has warranted the funds requested for uniforms. The Army has many units which have been established for a long time. Their cost in these units are largely for refurbishing uniforms, whereas the Navy must purchase a large percentage of new uniforms in its growing program. $486,000 is needed in FY 1974 to provide uniforms for 3,000 new female cadets. Funds for alterations are requested to preclude the excess purchase of new uniforms for growing cadets. The $600,000 reduction will preclude the proper outfitting of NJROTC cadets. Request restoration of $600,000.

RESERVE PERSONNEL, MARINE CORPS

(Thousands of Dollars)

FY 1974 Request, as amended	$67,500
House Appropriation Adjustments	-6,327
House Bill	$61,173
DOD Appeal	+ 3,327
Current DOD Request	$64,500

Summary of Adjustments and Appeal:

(Thousands of Dollars)

	House Adjustment	DOD Appeal
Strength Shortfall	-$5,452	+$2,452
Foreign Training Travel	- 875	+ 875
Total	-$6,327	+$3,327

JUSTIFICATION

Strength Shortfall. The service appeals $2.452 million of the $5.452 million reduction recommended by the House Appropriation Committee in strength shortfall for the Marine Corps Reserve's Fiscal Year 1974 personnel program. The appeal is based upon present strength projections and 1st quarter Fiscal Year 1974 experience which indicates that a $3 million reduction in the Marine Corps Reserve personnel program would be more appropriate than the recommended $5.452 million. The service, therefore, appeals for restoration of $2.452 million of the Committee's recommended $5.452 million reduction in the personnel program of the Marine Corps Reserve.

Foreign Training Travel. The service appeals the entire $0.875 million recommended reduction in Foreign Travel Training. The justification for this appeal is based upon the Total Force policy. That is, under the Total Force policy the Reserve forces are an integral part of a triad, consisting of Reserves, Regulars and Allies. To deny the reserve forces the opportunity to have at least minimal representation (only 5 percent of the Marine Corps Reserve is involved in such training) in tactical maneuvers involving regular and allied forces would severely cripple any ability to participate in joint tactical planning with the other members of the triad upon mobilization. Further, to reduce joint training exercises between the reserves and regular and allied services would result in critical delays and confusion upon mobilization rather than a smooth operation, the ground work for which had been laid during joint planning and maneuvers. In essence then, the justification for this appeal is based upon the fact that the Committee's recommendation goes against the Total Force Policy under which the Marine Corps Reserve is directed to operate. The service, therefore, appeals for restoration of the $0.875 million reduction recommended in Foreign Training Travel by the Committee.

RESERVE PERSONNEL, AIR FORCE

(Thousands of Dollars)

FY 1974 Request as Amended	$139,300
House Appropriation Adjustments	-12,338
House Bill	126,962
DOD Appeal	+8,900
Current DOD Request	$135,862

Summary of Adjustments and Appeal:

(Thousands of Dollars)

	House Adjustment	DOD Appeal
Termination of WIS Program	$ -338	-
Non-Prior Service Strength Shortfall	-12,000	$+8,900
	$12,338	$+8,900

JUSTIFICATION

Strength Shortfall. The House reduction of $12 million is based on the belief that the Air Force Reserve will not meet their projected training goals for non-prior service personnel. The budget request has only $10.7 million for Pay Group F, non-prior service training program, resulting in a reduction of $1.8 million more than was contained in the original budget request.

The FY 1974 budget estimate increase over FY 1973 in the Reserve Personnel, Air Force appropriation includes $7.3 million for Reserve Component Personnel. The House reduction of $12.3 million, all of which is applied to the Air Force Reserve Component program, results in a funding level of $5 million below the past year for Reserve Component Personnel. The magnitude of this reduction will prevent any improvement in the manning of the Air Reserve forces and seriously hinder the maintenance of a ready reserve force capable of immediately performing its mission upon mobilization.

Increased efforts in the recruiting of non-prior service personnel are being taken. There are now 119 Reserve recruiters in the field actively soliciting volunteers for the Air Force Reserve. All of these personnel have been trained at the active Air Force Recruiting School. The main thrust of these recruiters is toward the non-prior service individual. These efforts are just beginning to produce results. In October the non-prior service personnel enlistments were double the September production and this increased trend is expected to accelerate.

The non-prior service training program is the most effective means available to the Air Force Reserve to provide the required grade and skill structure, to allow Reservists the opportunity for career development and advancement. Lowering the non-prior service training program, and filling the units with prior service personnel would raise the grade level, reduce opportunity for promotion, and have an adverse affect on retention of trained personnel.

It is requested that $8.9 million be restored for non-prior service training program support at the level considered minimum essential to meet the programmed enlisted strength for FY 1974.

COST OF LIVING ALLOWANCE (COLA)

House Bill

The following is quoted from page 67 of the House Report:

> The Committee has decided not to fund cost of living allowances within the United States or its territories after May 31, 1974. The Committee is of the opinion that all Department of Defense employees should be treated equally and that employees who are working in two of the states or the territories should not receive a higher rate of pay than do employees who are residents of these states or territories. The Committee has deleted only one-twelfth of the request for fiscal year 1974 in order to give the affected personnel adequate notice that this pay differential will no longer be provided.
>
> While the individual reductions for fiscal year 1974 are relatively small, $1,360,000 in the Military Personnel appropriation and $1,850,000 in the Operation and Maintenance appropriation, the annual savings beginning in fiscal year 1975 will exceed $150 million. Last minute changes were made in the Air Force estimates which are reflected in the following table, but which are not reflected in the Air Force reduction. The Committee expects the Air Force to take this into account in submission of the pay raise supplemental.

Department of Defense Position

It is requested that the funds necessary to pay cost of living allowances be restored in full.

JUSTIFICATION

Military Personnel

As provided for in title 37, USC, section 405, the cost of living allowance (COLA) for members of the Uniformed Services stationed outside the United States or in Hawaii or Alaska is for the purpose of defraying excess living costs. This entitlement exists regardless of the member's legal residency. Excess costs experienced by members are derived by a comparison of living costs in locations outside the contiguous 48 States (CONUS) with average living costs for similar members in the CONUS. Latest surveys show that a COLA is warranted in both Alaska and Hawaii, as well as in most foreign countries where members are stationed. Living costs average 36 percent higher in Alaska than in CONUS; and 21 percent higher in Hawaii than in the CONUS. To deny COLA to members stationed in either of these States or any area outside the CONUS would be an inequity resulting in severe personnel hardship and degradation of morale. In addition, such a denial of this entitlement would be contrary to the clearly expressed intent of the Congress, that members stationed outside the CONUS should have no less a standard of living than members stationed in the CONUS.

DoD Civilian Employees

As provided for in title 5, U.S.C., section 5941, the cost of living allowance (COLA) for civilian employees of the Department of Defense and all other agencies of the Executive Department whose rates of basic pay are fixed by statute outside the Continental United States, or in Alaska is for the purpose of defraying living costs which are substantially higher than those in the District of Columbia.

This allowance is applied equally to all employees whose rates of basic pay are fixed by statute whether residents of the area or recruited from outside the area.

Latest surveys show that living costs average 36 percent higher in Alaska than in CONUS and 21 percent higher in Hawaii than in CONUS. The cost of living allowance for these areas is therefore clearly warranted.

As indicated above, the cost of living allowance, when and where authorized under 5 U.S.C. 5941 in accordance with regulations prescribed by the President is paid by all Departments and agencies in the Executive Branch. It would be inequitable to single out the Department of Defense in the manner indicated. Moreover, in the absence of a statutory provision prohibiting the Department of Defense from paying the cost of living allowance, it appears that this Department would not be authorized to refrain from paying such entitlements and therefore could not comply with the requirement contained in the House Report.

RACE RELATIONS TRAINING

House Appropriations Committee Report

Page 51. "In June 1971, the Department of Defense directed the establishment of the Defense Race Relations Institute at Patrick Air Force Base, Florida. . . . The Defense Race Relations Institute was established as a Defense-wide training school and should provide all of the required training necessary to qualify as a full time race relations instructor. The Committee directs that all other Service Race Relations Schools be disestablished."

Department of Defense Position

The Department requests that no action be taken on the portion of the Committee Report directing that all Service Race Relations Schools other than DRRI be disestablished, and requests that the Senate support the continued operation of these schools.

JUSTIFICATION

The Defense Race Relations Institute was established as a DoD program with the objective of maintaining the highest degree of organizational and combat readiness by attaining harmonious relations among all personnel. One means of accomplishing this is to conduct training for Armed Forces personnel designated as instructors in Race Relations. A single, broad curriculum has been developed which provides the instructors from the Army, Navy and Air Force with the necessary tools to begin to structure an integrated Race Relations education program for their individual units in order to provide a common purpose and a single Department of Defense viewpoint and focus. Each of the Military Services, however, has unique policies and procedures and specific mission differences which must be incorporated into the Race Relations programs if the relevance of racial harmony to combat effectiveness is to be maintained. The Service Race Relations Schools are supplementary and complementary to the training provided by DRRI and are considered essential to sustain the program at peak effectiveness.

The Marine Corps operates a separate Human Relations Institute and does not participate in DRRI. This separate school was authorized by the Deputy Secretary of Defense in February 1971 before DRRI was established. Based on further experience, the DoD Race Relations Education Board was tasked to make recommendations on the future of the separate Marine Corps program. Pending completion of an evaluation by the Naval Personnel and Training Research Laboratory and the final validation of an instrument which tests the effect of Race Relations training on racial harmony, the discontinuance of the Marine Corps program would be premature. Prior to the next budget cycle, empirical evidence will be available on which to proceed.

FULL-TIME GRADUATE TRAINING

House Bill

The following is quoted from page 47 of the House Bill:

> The Committee reduced the training load and budget requests for graduate training by 20 percent. This represents an additional 10 percent reduction above that recommended by the House Committee on Armed Services. The Committee also recommends that the Navy consider restricting the number of unrestricted line officers that participate in graduate training. While no information was available, the Air Force should study the desirability of reducing participation in graduate training programs by rated officers. Every possible effort to improve utilization of personnel with graduate degrees should be made by the services, and a detailed explanation of actions under consideration should be included in the fiscal year 1974 Military Manpower Training Report. The Military Personnel appropriation requests have been reduced by 1,108 manyears and $20,149,000. The Operation and Maintenance appropriation has been reduced by $4,371,000.

Department of Defense Position

The Department requests that the greater part of these reductions be restored. This is covered in the appeal for each appropriation involved.

JUSTIFICATION

Over the past year, OSD has conducted a careful analysis of the Services' management of graduate educational programs. The review found that the Services had done a creditable job of managing graduate educational programs under trying circumstances. The anslysis did suggest areas for improvement. The review resulted in a change of OSD policy. The directive, to be published shortly, generally accomplishes the will of the Congress through increasing the emphasis on off-duty study and tightens management of the programs.

As a result of our review, we did reduce FY 74 graduate education by 10%. This reduction was the basis for the total FY 74 personnel plan. The 10% cut was considered severe; an additional 10% cut will create unacceptable turmoil in personnel plans and programs now under way. Since almost all students are entered into graduate training at the beginning of the academic year, a reduction at this time will cause the disenrollment of hundreds of students with the consequent loss of investment by both the Government and the student. The additional cut will create a future deficit. Inflation in tuition costs has already significantly eroded the funding of the programs.

The data from the graduate education survey was not presented in context. The Congress is primarily concerned with the fully-funded programs. It should be noted that of the 45,398 officers possessing advanced degrees, only 55% or 25,112 received their degrees from fully-funded programs. A significant number of the balance of 20,286 degrees, which individuals obtained on their own, are not in disciplines required by the Services and, therefore, are not usable by them. However, all advanced degree holders are utilized to the maximum extent feasible regardless of source of degree.

The survey showed that, in the near future, the fully-funded programs are the best source of the Services filling their validated needs and further that these programs are cost effective in terms of utilization and retention. The additional 10% cut will stop all inputs to graduate education for the balance of the year, breaking a number of contracts. In addition, it will require the withdrawal of 192 individuals already in graduate school and require additional PCS money.

OSD will continue careful monitoring and review of these programs and insure that any possible economies are realized.

OFFICER BACCALAUREATE DEGREE TRAINING--NAVAL POSTGRADUATE SCHOOL

The Committee found that many of the officers participating in the baccalaureate degree training programs are required to pay the tuition and other college costs incurred. The Committee concurs in this approach and recommends that serious consideration be given to expanding it to include all personnel participating in the program.

In this regard, the Committee is concerned about the operation of a baccalaureate degree program at the Naval Postgraduate School. The charter of the Naval Postgraduate School is to provide graduate training to officers, thus the operation of this program merely adds more substance to the question of whether the school should continue in operation. The Committee found that the average cost of a baccalaureate degree at the Naval Postgraduate School is about $58,000. This cost is approximately twice as much as that incurred in sending Army officers to civilian colleges. The Committee directs that the baccalaureate degree program at the Naval Postgraduate School be discontinued. Any required baccalaureate training should be obtained at civilian colleges and universities. The decrease in training loads which results from terminating the undergraduate program could be easily offset by training more postgraduate personnel from the other services.

Department of Defense Position

It is requested that the Senate recognize the military worth of the baccalaureate program at the Naval Postgraduate School, its true cost, and the cost to convert it to civilian schools. A decision to continue students on board through December 1975 is clearly suggested.

JUSTIFICATION

The Committee recognizes the baccalaureate requirement for officers. It notes that services use both civilian schools, where participants pay tuition and costs, and a funded program at the Naval Postgraduate School. The Committee directs discontinuation of the latter, recommending conversion to civilian schools for all participants. Officers are required to prepare tehmselves for the program by two years of personal study. The average student is then in the Naval Postgraduate School for seven quarters. An undergraduate program is less costly than graduate programs which use a larger share of scientific, library, and computer facilities.

The product of the program is a carefully selected officer who has been prepared to perform military duties which characteristically require effective use of English, computation, administration, and a knowledge of Government or engineering. Up to one-third may remain at the Naval Postgraduate School for graduate study and qualification to serve in billets which have been validated to require graduate training, without further cost to transfer them between schools.

It would not be economically feasible to discontinue this program in FY-74 because officers are already enrolled or under orders to the Naval Postgraduate School for admission to it; tenured faculty are dedicated to it, and other facilities are programmed to support it. This pipeline of students will continue on board through December 1975, even if the decision is made in FY 74 to convert to civilian schools. Any discontinuation short of that date would require additional funds to transfer students. Most would have to be admitted, then transferred to civilian schools to obtain the necessary education; that would be a wasteful and disruptive step. It could not be defended logically, especially to officers whose career motivation and dedication equate in part to opportunity to use military education.

OPERATION AND MAINTENANCE, ARMY

(Thousands of Dollars)

FY 1974 Request, as amended	$ 6,401,700
House Appropriation Adjustments	- 267,953
House Bill	$ 6,133,747
DOD Appeal	+ 189,921
Current DOD Request	$ 6,323,668

Summary of Adjustments and Appeal:

	(Thousands of Dollars) House Adjustment	DOD Appeal
Civilian Personnel Strength	-$ 10,000	$ -
Military Personnel Strength	- 10,000	-
Post Office Reimbursement	- 5,000	1/
CHAMPUS	- 3,000	-
SEA Operations	- 5,000	-
Serial Number Control of Small Arms	- 1,000	-
Camouflage Screens	- 6,300	+ 6,300
CVC Helmets	- 5,250	-
Clubmobiles, Showmobiles	- 2,675	-
WAC Leasing	- 4,000	-
Club Management	- 3,100	+ 3,100
ADP Operations	- 5,000	-
Air Defense Units	- 3,000	+ 3,000
SAFEGUARD System	- 6,200	- 1/
Space Available Travel	- 10,000	+ 10,000
Barracks Furniture	- 3,500	-
Modern Food Service System	- 4,100	+ 2,200
MASF Funding	- 25,000	+ 25,000
Overpriced Fuel Costs	- 7,000	-
Revitalized Reenlistments	- 6,500	+ 6,500
Applicant Orientation Program	- 7,581	-
Project TRANSITION	- 2,500	+ 1,200
Enlisted Aides	- 66	-
Full-time Degree - Seeking Training	- 700	+ 700
Executive Dining Rooms	- 5	-
Education Counselor	- 355	- 1/
Cost of Living Allowance	- 921	+ 921
O/S Dependent Education	- 130,200	+130,200
JUMPS ADP Leases	-	+ 800
TOTAL	-$267,953	+$189,921

1/ Requires clarification

JUSTIFICATION

Post Office Reimbursement. The HAC report indicates the request of $39 million included $8 million to meet the increased costs estimated by the U. S. Postal Service survey. However, the Army requested $39 million in the basic budget, which does not include the $8 million. The revised requirement to reimburse the Postal Service is $47 million as indicated on page 397 of the HAC hearings. If the Committee intent is to add $3 million to the base amount, this would increase the program to $42 million, still $5 million short of the anticipated billing. If a $5 million reduction is intended, the revised base would be $34 million, $13 million short of the estimated $47 million billing. The Department of the Army can only reimburse the Postal Service the amount approved by Congress. Request clarification as to what amount the Committee intends for reimbursement.

Camouflage Screens. The stated figure of $161,300,000, which appears on Page 111 of the HAC record of 19 July 1973, reflects the procurement of 296,600 camouflage modules at a unit cost of approximately $544 per module for the period FY75-79. The difference between the total Army requirement of 318,600 and 296,600 is the FY74 Limited Production Procurement (LP) of 22,000 modules. The difference in unit cost ($656 vs $544) is the cost reduction afforded by a large quantity procurement. Therefore, it is confirmed that the cost figure of $161,300,000 is correct as stated to the HAC and program continuation is not scheduled beyond FY79.

The inventory stockage of approximately 2,000 of the old type camouflage nets represents the quantity currently available for troop issue from depot stocks. This inventory will be depleted prior to FY 75. This quantity is in no way related to authorized or required stockage levels. The old type net is a Common Table of Allowance (CTA) item and stockage levels are established by demand factors. If the criteria of this distribution system (CTA) were used for issue of the new screens, total requirements would exceed the proposed 318,600. For example, if every unit currently authorized the old type net requested issue, total demands would exceed 500,000 nets. The old type burlap net currently being maintained in unit operational inventories represents over age assets and is made obsolete by the new system. All units are below their authorized unit stockage levels. These inventories were allowed to drawdown in anticipation of the issue of the new screens. If issue of the system is not made in the proposed time frame, procurement and distribution of the old burlap net will be required. In FY's 71, 72 and 73 the Army purchased approximately 9,000 burlap nets to fill recurring replacement requirements. The requirements of 318,600 new modules was established based on an AMC review of vehicle and equipment densities which were designated camouflage critical and/or camouflage sensitive and require camouflage screens to enhance survivability.

The issue of the new system will not be the old basis of CTA, but will be a TOE unit item. This procedure will establish finite requirements for procurement and/or stockage. The Proposed Basis of Issue Plans for the new modules are currently being reviewed at HQDA and exact requirements will be established by 1 Jan 1974. The 1,000 nets which are indicated as operational project stocks are designed for use by units with special missions and are not related to the total Army required stockage levels and are not available for general issue.

The Army has currently obligated $16.64 million in the Stock Fund for the Limited Production program. The Army requested $11.3 million OMA to reimburse the Stock Fund and the further HAC reduction of $6.3 million will require the Stock Fund to remain unreimbursed for $11.64 million which would become a requirement in FY 1975. This would force the Stock Fund to retain a quantity of new modules equal to the unreimbursed amount.

Stock Fund obligations are:

Brunswick Contract Limited Production 18,600 Modules	$ 13.42M
North Dakota Indian Limited Production 3,400 Modules	2.45M
Production Tooling for Indian Plant	.77M
Total	$ 16.64M

Management of Clubs and Messes. The centralization of club management is to supplement command activities by providing assistance in supervision of clubs and messes. Management supervision should be provided from appropriated funds. Approximately $1.5 million of appropriated funds will have been obligated by 31 December 1973 for this activity. If the remaining appropriated funds are withdrawn, the Army must revert to the decentralized system that fostered the club and mess scandals, or revise current policy and use other nonappropriated funds and directly reduce recreation and athletic programs for our soldiers by $1.5 million for the remainder of FY 74. Club and mess income will not support a centralized management system although dues were increased 31% in FY 73 and will be increased an additional 24 % in FY 74.

$3.1 million is a minimal amount to centrally manage and direct a $180 million Morale Support Activity to serve military and civilian personnel and their dependents. Club and mess resources are shown below. Deficits are covered by loans when approved.

ARMY CLUB AND MESS OPERATIONS

Year	Initial Net Income (Loss)	Minimum Requirements	Net Profits (Loss)
1972	$ 2,970,880	$ 6,461,304	($ 3,490,424)
1973	2,317,601	6,640,176	(4,322,575)
1974	1,867,062 (Est)	8,439,503	(6,572,441)

Air Defense Units.

SAFEGUARD SYSTEM.
The House Appropriations Committee (HAC) proposes to reduce the SAFEGUARD Operations and Maintenance, Army request by $6.2 million, $3.5 million of which is directed to be applied against the logistics support contract. The Committee report also states that the logistic support of the one site can be easily absorbed within some other Army logistic command operation and that the logistic contract should be reduced in scope or phased out.

The Army accedes to the funding reductions but disagrees with the Committee's contention that the SAFEGUARD logistics support function can be easily absorbed by an existing Army logistic organization. The technical complexity of the SAFEGUARD system, together with the single site status of the SAFEGUARD deployment, precludes performance of either the on-site or off-site logistics support functions by an existing Army logistical command. By tailoring the Government in-house structure previously programmed to support a multi-site deployment and taking advantage of ongoing contractor activities in the highly interrelated areas of site operations, training and logistics support, about $57 million (FY 73 through FY 81) has been identified as saved in support of the single Grand Forks ABM site. The key to maximizing the above savings has been the use of the contractor personnel who are now installing the site instead of Government personnel to maintain the system on-site after deployment. The selection of the contractor maintenance concept has avoided the movement of about 400 additional Government personnel to the site and permitted disestablishment of the dedicated training base at Fort Bliss, Texas.

The requirement to apply a portion of the funding reduction to the logistic and maintenance support contract by absorbing the responsibility within an existing Army logistical command is not prudent or cost effective. It would insert an unnecessary and duplicate level of management between the use of SAFEGUARD-peculiar items by the Weapon System Contractor on-site and the production and maintenance of these items off-site. The Army requests that the report of the Joint Committee of Conference contain language excluding this requirement.

Space Available Travel. The $10.0 million reduction is based on a directed curtailment of free space-available transportation by the Military Airlift Command (MAC). Such curtailment, especially if accompanied by reduced flights with greater utilization per flight by space-required paying customers, should reduce the operating cost for passenger service. However, the Airlift Service Industrial Fund Cost is recouped from its customers appropriated funds through a pre-determined rate structure developed, approved and implemented by the Air Force and the Office, Secretary of Defense with no control exercised by the Army. Therefore, there can be no savings to the Army for its space-required movements until the actions directed by Congress are implemented by the Air Force, and the Air Force and Office, Secretary of Defense reduces the pre-determined tariff rates

for space-required passenger movements. A savings of this magnitude, assuming implementation on 1 January 1974, would require an approximate 38% reduction in the current passenger tariff rate. The savings to the Army resulting from such reduced tariff rates would accrue primarily in other appropriations since 96 percent of the Army's Military Airlift Command Space-required passenger travel is for Military Personnel and their Dependents which is funded in appropriations other than OMA. It is recommended that the $10.0 million be restored to Second Destination Transportation.

Modern Food Service System. The purpose of the $5.2 million for dining facility improvement is to upgrade dining facilities that are of World War II vintage. Since these facilities were constructed, there have been few refinements to improve the physical plants, to replace outdated food service equipment, and to provide the proper equipment to support the recent innovations included in the master menu, such as short order and specialty meals/items. The improvements made to the dining facilities with these funds will be compatible with, but not contingent upon, the support provided by a central food preparation facility (CFPF). Conversion of a modernized and upgraded dining facility to one supported by a CFPF involves minimal effort. Since the dining facility upgrade is not in conflict with or dependent upon support by a central food preparation facility and since central facilities are not programmed for every installation, the upgrading of dining facilities should not be delayed or tied to the program for constructing central food preparation facilities. Therefore, it is recommended that the $2,200,000 be restored.

ITEM	FY 74 REQUEST	HOUSE ADJUST.	DOD APPEAL	REQUEST OF SENATE
Dining Facility Improvement	$5,200	-2,200	+2,200	$5,200
Central Food Preparation Equipment	3,800	-1,900	-	1,900
TOTAL	$9,000	-4,100	+2,200	$7,100

MASF Funding. Department of the Army's amended request for the Military Assistance Service Funded (MASF) support to Vietnam and Laos was $386,962 million. The House Appropriations Committee has recommended a reduction of $25 million for MASF support. The FY 1974 budget request for OMA included $67.0 million for the Vietnam MASF Program to satisfy requisitions for support of the Republic of Vietnam Armed Forces that had been submitted in FY 1973 and prior years but for which obligations had not been incurred. This "requisition carryover" into FY 1974 occurred due to a unique system for obligating funds for the Vietnam program prior to FY 1974. The normal requisition-obligation procedure provides for fund obligation upon receipt of requisition. During FY 1967, because of the intensity of combat operations in Vietnam, requisitions were being received in such magnitude that continual reprograming action was required to obtain additional Army stock fund obligational authority to finance the requirements. Therefore, as a management tool, a system was devised where USARPAC would receive an image copy of the requisition while the original copy of the requisition would be transmitted directly to the supplier. Upon receipt of this image copy, USARPAC would establish a fund reservation without incurring an obligation. Upon filling a requisition, the supplier would bill USARPAC who, in turn, would obligate and expend current fiscal year funds upon receipt of the billing document. This system remained operative during the period of intensive combat in Southeast Asia. However, with the withdrawal of U.S.

forces in FY 1973 and a subsequent lowering of demand on the supply system, this procedure was terminated June 30, 1973. Therefore beginning with FY 1974, the requisition-obligation procedure reverted to the normal sequence of obligating funds upon receipt of requisitions from Vietnam.

To reduce or disallow funding for the prior year requisitions will [Deleted] U.S. support to the Republic of Vietnam. In the absence of funding for the prior year requisitions, the FY 74 program for support of the Republic of Vietnam Armed Forces would have to absorb the obligations necessary to satisfy the prior year requisitions. The FY 74 program includes funding for in-country procurement and service contracts, the termination of which would adversely affect the [Deleted] of the Republic of Vietnam. Therefore funding for annual requirements of supplies and repair parts would have to be curtailed to the extent of the value of the prior year requisitions. Such a curtailment would result in termination of the flow of supplies for support of Vietnam well prior to June 30, 1974. [Deleted] It is therefore recommended that the $67.0 million be retained in the service appropriation as MASF support to Vietnam.

An alternative to the reduction of the FY 1974 program would be to revert to the MASF obligation procedures in effect prior to 1 July 1973. Since it is estimated that the FY 1974 program "requisition carryover" into FY 1975 will be $25 million, the remainder of the $67 million, $42 million, is required to pay for prior year requisitions which are billed in FY 1974.

Revitalization of Reenlistments Program. Denial of the $6.5 million identified in the FY 74 budget precludes upgrading the reenlistment effort to meet the Army strength objectives. Currently the Army is 1,300 reenlistments short of 1st quarter FY 74 reenlistment objectives. To improve reenlistment performance, the Army established a revitalization of reenlistments program which would expand the itinerary for Retention Mobile Training Teams, increase local publicity, increase staff visits and renovate local reenlistment offices. Renovation of offices is only one facet of this program. Denial of the $6.5 million will seriously limit the Army's capability to establish and continue an effective reenlistment program to attain established Army reenlistment objectives and meet strength requirements of the volunteer Army.

Full-time Degree Seeking Training. The House Appropriations Committee reduced the training load and budget request for graduate training by an additional 10 percent reduction above that recommended by the House Committee on Armed Services. This equates to a 20 percent reduction in graduate training load of 1,473 manyears programed in the FY 74 President's Budget. The manyears and dollars associated with a 20 percent cut are:

Manyears = 294 (20% of the graduate training load of 1,473)
*Dollars = $262,000 (20% of dollars associated with new inputs to graduate level civil schooling)

*Dollars reflected do not equate to the $700,000 reduction imposed by the Committee. The $700,000 appears to be in error and is tied to a 20 percent reduction in Long Course New Training reflected in the FY 74 President's Budget. Manpower and dollar information reflected in this portion of the budget includes medical training and training at the undergraduate level, as well as graduate training.

As a result of a 1973 management review of the Army Civil Schooling Program a reduction was made in the FY 74 program. This management reduction enabled the Army to take the 10 percent cut in graduate train-

ing recommended by the House Armed Services Committee and this reduction (147 manyears at the graduate level) has been programed for FY 74. If the Army is required to absorb the additional 10 percent reduction in graduate training imposed by the House Appropriations Committee, the following impacts will be recognized:

The total FY 74 civil schooling budget (less medical) is $6.42 million. This amount is required for continued and new training at the graduate and undergraduate level. Since the civil schooling program is characterized as a long lead time program and personnel are selected for schooling up to eight months in advance, $5.569 million has already been obligated for training.

Officers have already been scheduled for schooling in FY 74. An additional 10 percent reduction will prohibit the Army in placing these personnel into graduate level training during the 4th Quarter FY 74. In addition, one third of the 4th Quarter new inputs at the undergraduate level will not be enrolled in school. This will result in a change of assignment of officers selected for schooling, upset their career development plans and appear as a breach of promise by the Army. More importantly, the reduction will impact on the Army's ability to train enough officers to fill positions validated as requiring an advanced degree.

In order to operate the FY 74 civil schooling program as currently planned (with a 10 percent reduction of the graduate load) no dollar reduction can be absorbed. Since submission of the FY 74 President's Budget, there have been substantial increases in tuition costs. These increases are depicted in the examples listed below:

	Tuition Cost Per Year		
School	President's Budget Submission	Current	Percent Increase
University of Nebraska at Omaha	$2125	$2446	15.1%
University of Tampa	$2021	$2407	19.1%
University of Tulane	$2720	$3220	18.4%

As a result of these tuition increases, even though the current program is ten percent below the President's Budget, the Army still requires all the funds in the President's Budget to offset tuition increases.

It is noted that the Committee's report indicates the Army's FY 74 graduate training load is 1,890 as opposed to the 1,473 reflected in the FY 74 Military Manpower Training Report. The 1,473 training load is correct and reflects FY 74 fully funded graduate training as programed in the President's Budget. The 1,890 training load reported by the Committee is also correct and reflects the current total graduate training load. This load consists of a 1,320 fully funded training load, a decrease of 153 since the submission of the President's Budget, (which represents the funded graduate load after the Army's 10% management reduction), and a 570 "Bootstrap" load for which there is no O&MA cost.

Education Counselors. Concur with the recommendation that part-time contract counselors be replaced by civil service personnel. During the remainder of FY 74, the Army will replace 600 contract counselors with 378 additional full-time civil service position counselors. However, there will be a continuing requirement for approximately 80 part-time contract counselors to serve small isolated units and to supplement staffs at major installations during peak workload periods. It is assumed that these part time counselors would be within the intent of the House recommendations.

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Project Transition. The Army concurs with the recommendation to close out the TRANSITION program on 31 May 1974 but requests that the reduction in OMA funds not exceed $1.2 million to allow for the full operation of the TRANSITION program through 31 May 1974 and the administration of the $7.5 million MDTA contracts which continue through the end of the fiscal year.

Any greater reduction will cause the Army to fail to honor its commitment to soldiers enrolled in the program and cause a failure to properly administer the Department of Labor MDTA contracts.

Cost of Living Allowance. For the reasons given on page 45 of this appeal, the cost-of-living allowance is necessary and the $921,000 reduction for this item should be restored.

Overseas Dependents Education. The House deleted funds from the service O&M appropriations for the overseas dependents education program and provided these funds under "Operation and maintenance, Defense Agencies." At the mid-point of the fiscal year, it is simply too late to make such a large shift for FY 1974. However, we have no objection to the shift proposed by the House, given sufficient time. Accordingly, unless the Congress objects, we propose to include funds for overseas dependents education in "Operation and maintenance, Defense Agencies" in the FY 1975 budget estimates. We ask, however, that these amounts be left in the service accounts for FY 1974, and, accordingly, that $130.2 million be restored to this account.

Joint Uniform Military Pay System (JUMPS) ADP Leases. The HAC mark-up for fiscal year 1974 Other Procurement Army denied $3.1 million for the purchase of two installed and leased JUMPS computers. The committee recommended the continued lease of this equipment. Because of the anticipated purchase of the two JUMPS computers in fiscal year 1974 OMA funds for a full year's lease of this ADPE were not included in the fiscal year 1974 OMA budget estimate. To provide for a full year's lease of the JUMPS computers, $800 thousand of OMA funds must be added to the Army budget.

OPERATION AND MAINTENANCE, ARMY
(Dollars in Thousands)

Budget Activity	Budget Request As Amended	House Action	House Bill	Distribution Adjustment Requested	House Bill After Redistribution	DOD Appeal	Current Request Of Senate
Strategic forces	104,582	-11,200	93,382	+2,000	95,382	+3,000	98,382
General purpose forces	1,668,790	-49,325	1,619,465	+7,079	1,626,544	+13,721	1,640,265
Intelligence and communications	311,678	-2,000	309,678	+1,000	310,678	0	310,678
Airlift and sealift	0		0		0		0
Central supply and maintenance	1,827,832	-19,000	1,808,832	-6,000	1,802,832	+10,000	1,812,832
Training operations and other general personnel activities	1,113,933	-145,402	968,531	-7,000	961,531	+134,300	1,095,831
Medical activities	600,964	-3,000	597,964	0	597,964	0	597,964
Administrative and associated activities	334,684	-13,026	321,658	+2,921	324,579	+3,900	328,479
Support of other nations	439,237	-25,000	414,237	0	414,237	+25,000	439,237
TOTAL	$6,401,700	-267,953	$6,133,747	0	$6,133,747	+189,921	$6,323,668

(Dollars in Thousands)

Budget Activities	House Bill After Redistribution	Camouflage Screens	Club Management	Air Defense Units	Space Available Travel	Modern Food Service System	MASF Funding	Revitalized Reenlistment
Strategic forces	95,382			+3,000				
General purpose forces	1,626,544	+6,300						+6,500
Intelligence and communications	310,678							
Airlift and sealift	0							
Central supply and maintenance	1,802,832				+10,000			
Training operations and other general personnel activities	961,531					+2,200		
Medical activities	597,964							
Administration and associated activities	324,579		+3,100					
Support of other nations	414,237						+25,000	
TOTAL	$6,133,747	+6,300	+3,100	+3,000	+10,000	+2,200	+25,000	+6,500

(Dollars in Thousands)

Budget Activities	Project TRANSITION	Full-time Degree Seeking Training	Cost of Living Allowance	Overseas Dependent Education	JUMPS ADP Leases	Current Request Of Senate
Strategic forces						98,382
General purpose forces			+921			1,640,265
Intelligence and communications						310,678
Airlift and sealift						0
Central supply and maintenance						1,812,832
Training operations and other general personnel activities	+1,200	+700		+130,200		1,095,831
Medical activities						597,964
Administration and associated activities					+800	328,479
Support of other nations						439,237
TOTAL	+1,200	+700	+921	+130,200	+800	6,323,668

OPERATION AND MAINTENANCE, NAVY

(Thousands of Dollars)

FY 1974 Request as Amended	$6,156,700
House Appropriation Adjustment	-133,500
House Bill	6,023,200
DOD Appeal	+109,885
Current DOD Request	$6,133,085

Summary of Adjustments and Appeal:

	House Adjustment	DOD Appeal
Reduced civilian personnel strength	$-7,000	-
Reduced military personnel strength	-3,300	-
CHAMPUS	-11,000	+11,000
Transportation for space-available travel	-5,500	-
Over-price of fuel cost	-8,713	-
Executive dining rooms	-30	-
Project Transition	-500	+300
Full-time degree seeking training	-3,865	+2,233
Education Counselors	-15	-
Interservice Training	-25	-
Cost of living allowance for civilian personnel	-385	+385
Overseas dependents' education	-20,500	+20,500
Pilot training	-10,000	+7,500
TRIDENT missile training program	-1,950	+1,950
Southeast Asia operating costs	-25,000	+25,000
Aircraft reworks	-20,700	+20,700
Component reworks	-10,200	+10,200
Fleet Maintenance Assistance Group	-4,817	+4,817
Sonobouy support	-	+5,300
TOTAL	$-133,500	$+109,885

JUSTIFICATION

CHAMPUS. The Navy concurs in the concept upon which this reduction was based - better utilization of military medical facilities - and the recommended approach to increasing utilization. However, Navy disagrees with the $11 million reduction in FY 1974 because the complexity of setting up the mechanism to publicize, issue, review, and control non-availability certificates this late in the year precludes savings of this magnitude. Current trends in CHAMPUS utilization show that obligations will be $168.5 million, $6.0 million above the $162.5 million allowed. The remainder of the $11.0 million is required for medical care and treatment in other non-service facilities which will exceed the $10.6 million included in the budget by about $5.0 million. The primary cause for this increase results from the reimbursement rate increases approved by the Office of Management and Budget on 1 July 1973, subsequent to submission of the FY 1974 budget.

Project Transition. In order to terminate Project Transition as directed by the House Appropriations Committee, by 31 May 1974, funds will be required for the salaries of civilian personnel employed in the program as well as the additional costs for terminal leave payments and severance pay for those personnel who will be seperated during this period. The

savings are estimated to be $200,000 and it is requested that $300,000 be restored.

By way of background, the program has approximately 85,000 participants each year, all of whom receive counseling and job referral assistance. Vocational training is provided to about 12,000 members who, due to lack of education or service-acquired skills, find their civilian job prospects poor: Each year there are about 200 to 400 people who re-enlist after counseling in TRANSITION.

Counseling and referral service of about 80,000 to 90,000 separating will have to be provided by other means.

Full-time Degree Seeking Training. The Committee reduced O&M,N by $3,865 including $2,665 for Graduate Training and $1,200 for Enlisted Personnel Degree Seeking Training. Restoration of $4,233 is requested, including $1,333 for Graduate Training and $900 for Enlisted Personnel Degree Seeking Training.

A. Graduate Training ($1,333). The Committee reduced the training load by 20 percent, an additional 10 per cent reduction above that recommended by the House Committee on Armed Services, and O&M,N funding by $2,665.

In anticipation of the HASC 10% cut in graduate education, Navy reduced its FY 1974 average-on-board figure by 153 in graduate education, from its planned figure of 1,532. Navy controlled the input of officers to graduate education to remain just with the new average-on-board figure of 1,379 which would result. In order to achieve the additional reduction in average-on-board for graduate education, we would now have to reduce student load by twice as many because of the fact that the fiscal year is half over. Thus the practical effect of an additional 10% cut in average-on-board would be that some 100 officers would have to be ordered out of school assignments where they are now in place in pursuit of advanced professional qualifications. Furthermore, orders to 200 officers to educational programs in December - January would have to be cancelled.

In addition to being wasteful of funds already spent, such an action would have a deleterious effect on morale of officers affected. Furthermore, such an action will result in unbudgeted PCS costs. O&M,N funds at the Navy Postgraduate school primarily support the faculty and mid-year reductions cannot be made due to tenure and contractual commitments which run until the end of FY 1974.

Navy fully appreciates the need to limit advanced educational programs to the absolute minimum required to meet increasing technological and managerial demands. To this end an initial review of all billets has been completed to validate or delete requirements for postgraduate education qualifications. A more comprehensive survey will be undertaken to further refine/reduce such requirements. In addition, stringent, "pay back tour" requirements have been established to insure that postgraduate students provide maximum returns to Navy for the investment in their professional education.

It is requested that the additional 10 percent reduction in Graduate Training be restored.

B. Enlisted Personnel Degree Seeking Training ($900). The Committee reduced O&M,N funding by $1,200. Degree programs for enlisted personnel include (1) the Navy Enlisted Scientific Education Program (NESEP), (2) Enlisted Degree Completion Program (EDCOP),and (3) the Associate Degree Completion Program (ADCOP).

1. NESEP. This program has only one total input per year and the FY 1974 input has been completed. To reduce the training load at this point would require ordering candidates from school prior to completion of degree requirements. This is a technically oriented commissioning program and the prospective officers are considered essential toward satisfying an increasing need for career designated, technically qualified officers drawn from the ranks of fleet experienced petty officers. Since this program cannot be effectively reduced in FY 1974, none of the reduction has been assigned.

2. EDCOP. This program was originally planned to provide opportunities for enlisted personnel to gain a BS/BA degree. A decision has been made not to implement the program and the entire O&M,N budgeted amount of $.3 million can be deleted.

3. ADCOP. The Associate Degree Completion Program (ADCOP) provides increased opportunity for a highly motivated career petty officer to further his education in various occupationally related vocational and technical fields. The program has been revised recently to implement a directed curricula of a management nature. This management education added to the technical expertise gained "on-the-job" or in Navy vocational schools will develop more capable leading petty officers and much improved managers in the senior enlisted ranks. ADCOP also provides a career incentive for outstanding petty officers by providing an opportunity for an increase in academic stature and the improvement in managerial proficiency while attaining an associate degree.

ADCOP would be reduced by a load of 308 and $.9 million. This would require that orders be cancelled on the 416 ADCOP students due to report in FY 1974. It would further require that 600 presently enrolled ADCOP students be disenrolled prior to January 1974. This would cause disruptive disenrollment of students or waste of man years on campus, numerous PCS moves, and possible embarrassment to the government in the eyes of both career designated enlisted men and participating colleges.

Cost of Living Allowance. For the reasons given on page 45 of this appeal, the cost-of-living allowance is necessary and the $385,000 reduction for this item should be restored.

Overseas Dependents Education. The House deleted funds from the service O&M appropriations for the overseas dependents education program and provided these funds under "Operation and maintenance, Defense Agencies." At the mid-point of the fiscal year, it is simply too late to make such a large shift for FY 1974. However, we have no objection to the shift proposed by the House, given sufficient time. Accordingly, unless the Congress objects, we propose to include funds for overseas dependents education in "Operation and maintenance, Defense Agencies" in the FY 1975 budget estimates. We ask, however, that these amounts be left in the service accounts for FY 1974, and, accordingly, that $20.5 million be restored to this account.

Pilot Training. For the fiscal year 1974 the Navy planned and budgeted for a pilot output of 1,940. In testimony before the Committee the Navy advised that pilot production was declining and the revised output for fiscal year 1974 was then 1,581. Because of this decrease the Committee recommended a reduction of $10,000,000.

The House adjustment was presumably based on testimony to the effect that the cost of producing a pilot was $49,100 for jet pilots, $26,200 for prop pilots and $13,000 for helo pilots. The shortfall of pilot production for fiscal year 1974 was estimated to consist of 127 jet, 112 prop and 120 helo.

As clarified during the course of the testimony, the rates given for producing the above types of pilots included all Operation & Maintenance, Navy (O&M,N) costs associated with producing one pilot. The rates given included base operations costs, funded aircraft maintenance costs, and other on-base support costs as well as costs related to flying hours. Those elements, other than flying hour costs, remain essentially the same for a 1,581 pilot production rate as for the 1,940 rate included in the budget estimate. Furthermore, because of student inputs occurring at various intervals during the year and the length of the full training curriculum, the stated cost of training a specific pilot cannot be attributable to a given fiscal year. Therefore, the cost of producing a specific type of pilot is not the basis for computing annual savings due to a change in production rates.

In order to reduce the dollars required for producing any given number of pilots, only the flying hours saved can be considered. The following table provides a comparison of flying hours between the Congressional requests and current requirements based on the reduced pilot output and the cost per flight hour.

	Congressional		Current Plan		Difference	
	Hrs	$'s	Hrs	$'s	Hrs	$'s
			(Thousands of Dollars)			
Jet	308,667	$22,725	275,034	$20,172	33,633	$2,553
Prop	181,482	4,884	152,925	4,083	28,557	801
Helo	159,216	3,193	129,976	2,589	29,240	604
Total	649,365	$30,802	557,935	$26,844	91,430	$3,958

As demonstrated by the above table the savings resulting from the reduced pilot output is $4.0 million of which $1.5 million was applied to reduce the budget amendment request for fuel price increases.

Because of the fact that all potential FY 1974 pilot graduates and a significant number of FY 1975 pilot candidates are currently in training, failure to restore the recommended amount will impact on both fiscal years' production as follows:

	Pilot Production Rate	
	FY 1974	FY 1975
Budgeted Plan	1,940	2,045
Current Plan	1,581	1,800
Impact of Reduction	-256	-370
Resulting Capability	1,325	1,430

Further, it will be necessary to place 250 of those students currently in training in a "pool" status for application against future fiscal year pilot production rates, or to release them from duty for the convenience of the Government (COG).

TRIDENT Missile Training Program. Testimony before the House Appropriations Committee on 30 July 1973 stated that the Navy O&M requirement for TRIDENT in FY 1974 reflected an increase of $2.950 million over the FY 1973 budget and that the justification for this increase represented primarily the beginning of requirements for TRIDENT Strategic Weapon System support. The FY 1973 TRIDENT O&M,N request was $2.750 million, all of which was

Ship System support. The FY 1974 TRIDENT O&M,N request totals $5.7 million, of which $3.0 million is for Ship System support and $2.7 million is associated with Strategic Weapon System support.

The House Committee report assumes that $2.950 million, rather than $2.7 million, is associated with weapon system support, and that this amount is entirely for the TRIDENT missile training program. The Committee report reduced $2.950 million to $1.0 million on the grounds that the request for training funds is premature, but that $1.0 million should be provided to study the training criteria which may be required. In testimony before the Committee on 30 and 31 July 1973, (pages 967, 1071, 1072), the $2.7 million for Strategic Weapon System support was identified in two segments: $1.1 million for training and $1.6 million for supply support. The training effort encompasses the entire strategic weapon system, not just the missile.

Full restoration of the $1.950 million is requested to comply with the apparent intent of the report in order to allocate the $1.1 million for weapon system training, which was recommended, and to allow for the initiation of supply system support effort for the Strategic Weapon System as was justified in detailed testimony before the Defense Subcommittee of the House Appropriations Committee. Failure to restore the funds, coupled with the expressed Committee intent to provide for study of training criteria, would preclude the application of any funds to Strategic Weapon System material support and would reduce Ship System requirements, both of which are essential to providing initial logistic support to the first TRIDENT submarine.

Southeast Asia (SEA) Operating Cost. The House Appropriations Committee reduced the Navy request for SEA operating support by $25 million. This reduction was based on testimony that savings were available from reduced operations in that area. The Budget Amendment submitted in September 1973 reapplied such savings as were available to other emergent requirements. Of the original $155.5 million request, $92.5 million was associated with anticipated incremental cost requirements. While subsequent SEA cease fire resulted in incremental savings of $57.5 million, additional unbudgeted requirements of $70.5 million arose due to the assignment of total SEA peace keeping functions to Navy, minesweeping costs, and SEA related ship maintenance. The effect of the above was to increase the incremental cost requirements from the initial $92.5 million to the $105.5 million level now reflected in the Amended Budget. Consequently, all resources presently identified for SEA support are required for that purpose and restoral of the $25 million reduction is requested.

Aircraft Reworks. Although at the time of submission of the FY 1973 budget, the Navy estimated it would rework 1,755 aircraft at a cost of $180.3 million, only 1,519 aircraft were actually processed at a cost of $176.2 million. Adjusting the FY 1973 actual average unit cost of $116 thousand for an 8% increase in material prices and labor escalation, combined with the observed material condition of those aircraft due or over-due for rework during FY 1974, a total of $214.7 million will be required to process the minimum requirement of 1,594 aircraft. At the actual average unit cost of $135 thousand now being experienced, vice $112 thousand contained in the original budget submission, loss of the $20.7 million proposed in the Committee paper will reduce output from the minimum requirement of 1,594 aircraft to 1,441 with a resultant further decrease in aircraft readiness. Restoration of the $20.7 million is recommended.

The increase associated with an additional 1,300 people is required to support the total workload planned for the Navy aircraft rework facilities not the 1,594 airframe reworks. This request was based on a plan to balance people, overtime and commercial workload during FY 1974. If additional people are not allowed, action can be taken to revise the current plan to increase overtime and commercial rework, to accomplish the required workload during FY 1974 with the funding proposed in the Budget Amendment. It is considered that additional employment in lieu of equivalent overtime would be an economical move for the Navy.

Component Reworks. Reprogramming of the $18.3 million from the aircraft component rework program during FY 1973, addressed in the Committee paper, was effected to meet unavoidable costs in other O&M,N programs, not because Navy could not use these funds in the component rework program. Loss of this money resulted in increased backlog of non-ready for issue components. Since the time of this reprogramming action the number of NORS (Not Operationally Ready, Supply) requisitions have doubled with a corresponding decrease in aircraft readiness. Had we not increased output of repaired components from the intermediate level of maintenance and continued this effort in FY 1974 to the limit of available manpower, this situation would be much worse. The $202 million for component repair in FY 1974 is required to arrest the alarming growth of backlog and unfilled NORS requisitions for items repaired only at depot level, including those necessary for support of the intermediate level facilities; it will not reverse this trend. This requirement exists despite a FY 1974 decrease in the active aircraft inventory and flying hour program. Restoration of the $10.2 million is recommended.

Fleet Maintenance Assistance Group. The House Appropriation Committee Report contains statements indicating that the purpose of Fleet Maintenance Assistance Group (FMAG) is not clearly understood. In summary the report states that: shore billets were not available for Navy personnel because their rates were in skills for which the Navy employed civilians; there is only a limited amount of repair work that can be performed and having both service personnel and civilians available to do this work is a duplication of personnel. The Committee recommended that during fiscal year 1974 at least 1,750 civilian work spaces be eliminated and has assigned a reduction of $4,817,000 to effect the recommendation.

There are three levels of maintenance that are employed in the Navy: Organizational - performed by shipboard personnel; Intermediate Level - performed by Navy personnel from Tenders or certain shore activities such as Sub-Base New London; Depot Level - performed by civilian personnel at naval or private shipyards.

The tempo of operations for the past several years coupled with personnel shortages has resulted in a significant backlog of organization and intermediate level maintenance. This is work normally accomplished by service personnel. These are the levels of work being accomplished by the FMAG. A civilian work force is not maintained to accomplish these levels of maintenance, hence there is not a duplication of work.

To the extent that organizational and intermediate maintenance work is not performed by service personnel, certain amount of this work would have to be accomplished at the depot level, thus increasing the unit costs of ship overhauls. The fact that FMAG personnel will accomplish organizational and intermediate level maintenance that will not have to be accomplished at the depot level is reflected in the Navy's FY 1974 budget request.

Sonobuoy Support. The House Appropriation Committee has deleted the $5.3 Million sonobuoy support item as not appropriate to the OPN account.

Restoration of the sonobuoy production support is vital for the continued procurement of sonobuoys. Although restoration of the full $5.3 Million in OPN is recommended and in keeping with agreed procurement practice, Senate concurrence with the House recommendation to transfer this function to O&M,N should rightfully be accompanied by a corresponding transfer of funding authority to O&M,N. The Navy has already obligated $2.4 Million in pursuing the goals of this effort, and will need the remainder to insure acceptance of a quality product by the Navy.

Operation and Maintenance, Navy

($000)

Budget Activity	Budget Request As Amended	House Action	House Bill	1/ Dist. Adj. Requested	House Bill After Redist	DOD Appeal	Current Request of Senate
Strategic Forces	$337,516	$-1,950	$335,566	$-130	$335,436	$+1,950	$337,386
General Purpose Forces	2,407,848	-36,117	2,371,731	+387	2,372,118	+25,006	2,397,124
Intelligence and Communications	305,935	-1,000	304,935	+390	305,325	+49	305,374
Central Supply and Maintenance	2,077,359	-45,113	2,032,246	-796	2,031,450	+41,300	2,072,750
Training Operations and Other General Personnel Activities	460,727	-36,905	423,822	-562	423,260	+30,535	453,795
Medical Activities	365,666	-11,000	354,666	-21	354,645	+11,021	365,666
Administration and Associated Activities	179,768	-1,415	178,353	+732	179,085	+24	179,109
Support of Other Nations	21,881	-	21,881	-	21,881	-	21,881
TOTAL	$6,156,700	$-133,500	$6,023,200	-	$6,023,200	$+109,885	$6,133,085

1/ The distribution adjustment request includes:

a. Reduction in civilian personnel strength. Minor redistribution is requested between Budget Activities for execution.

b. Cost of living allowance for civilian personnel. The House adjustment inadvertently reduced Budget Activity 9 for the full amount of the reduction. The adjustment provides realignment to the proper budget activity for execution.

Operation and Maintenance, Navy
($000)

Budget Activity	House Bill After Redist	DOD APPEAL												Current Request of Senate
		TRIDENT Missile Training	Fleet Maintenance Assistance Group	Southeast Asia Operating Costs	Cost-of-Living Allowance for Civilian Personnel	Aircraft Rework	Component Rework	Sonobouy Support	Pilot Training	Project Transition	Full-time Degree Seeking Training	CHAMPUS	Overseas Dependent Education	
Strategic Forces	$335,436	$+1,950												$337,386
General Purpose Forces	2,372,118		$+4,817	$+20,000	$+189									2,397,124
Intelligence and Communications	305,325				+49									305,374
Central Supply and Maintenance	2,031,450			+5,000	+100	$+20,700	$+10,200	$+5,300						2,072,750
Training Operations and Other General Personnel Activities	423,260				+2				$+7,500	$+300	$+2,233		+ 20,500	453,795
Medical Activities	354,645				+21							$+11,000		365,666
Administration and Associated Activities	179,085				+24									179,109
Support of Other Nations	21,881													21,881
TOTAL	$6,023,200	$+1,950	$+4,817	$+25,000	$+385	$+20,700	$+10,200	$+5,300	$+7,500	$+300	$+2,233	$+11,000	+ 20,500	$6,133,085

ALTERATION, OVERHAUL, AND REPAIR OF NAVAL VESSELS

House Bill

Title III. Operation and Maintenance, Navy. The House bill on the FY 1974 Appropriation includes the provision "That of the total amount of this appropriation made available for the alteration, overhaul, and repair of naval vessels, not more than $851,672,000 shall be available for the performance of such work in Navy shipyards."

Department of Defense Position

The Department requests that this provision be deleted.

JUSTIFICATION

This dollar limitation imposed on the Navy shipyards reflects the estimate of alteration and repair work allocated to the Navy shipyards in the fiscal year 1974 Congressional Budget Submit and is approximately 70.3 percent of the total alteration and repair funds (29.7% private). The current dollar distribution of alteration and repair work to naval shipyards is $11,390,000 greater than the proposed limitation. It is $863,062,000, or approximately 70.8 percent of the total alteration and repair funds (29.2% private). This amount will support the planned naval shipyard end of fiscal year 1974 employment of 59,900 which reflects the required manning after closure of two naval shipyards.

The Department agrees with the House Appropriations Committee that the private shipyards of this country are essential for the support of defense production and should be relied upon to the maximum extent practicable to promote the national defense. For the past five years approximately 35 percent of all Navy conversion, alteration and repair work and 100 percent of Navy new construction have been awarded to the private shipyards. The Department believes that the amount of alteration and repair work awarded to the private shipyards can be increased. However, since it is already late November, five months after the start of the fiscal year, and considering the advanced planning lead time required before availabilities can be started, only availabilities starting after mid-January 1974 could be reassigned. The reassignment of this amount of alteration and repair work (approximately seven overhauls) to the private sector would result in delays in overhaul start dates, possible extensions of overhaul duration with resultant adverse impact on Fleet operational schedules, and a decrease of approximately 2,000 in planned naval shipyard employment for the end of fiscal year 1974. It is assumed that the limitation, if enacted, will be adjusted to reflect applicable pay raise supplemental requirements.

Enactment of this House provision would have an adverse impact on naval shipyard employment and Fleet schedules, impose an administrative burden, and restrict the flexibility which the Navy requires to properly maintain the Fleet.

SAINT ALBANS HOSPITAL

House Bill

Title III, p. 7, lines 9-13:

"... Provided further, That during fiscal year 1974 the maintenance, operation, and availability of the Saint Albans Naval Hospital at Queens, New York, to meet the requirements of the military and naval forces and the retired personnel thereof shall be continued."

Department of Defense Position

The Department requests that this provision be deleted.

JUSTIFICATION

Major reductions of active naval forces in the New York area have made continued operation of the St. Albans Naval Hospital economically unsound. The Department of Defense has no means to justify medical facilities on the basis of demand generated by non-active duty patients. After June of 1974, a total of only 1643 active duty naval personnel are projected to remain in the greater New York area. These personnel will be assigned for duty at more than 30 separate locations with approximately 1000 being assigned aboard five ships. Minimal staffing of questionable facilities such as this is not feasible and it degrades care throughout the system by diluting available resources. So few active duty members, even considering their dependents, does not justify continued operation of the 607-bed St. Albans facility.

OPERATION AND MAINTENANCE, MARINE CORPS

(Thousands of Dollars)

FY 1974 Request, as amended	$417,000
House Appropriation Adjustments	-5,355
House Bill	$411,645
DOD Appeal	+1,007
Current DOD request	$412,652

Summary of Adjustment and Appeal:

(Thousands of Dollars)

	House Adjustment	DOD Appeal
Military Personnel Strength	$-1,500	$+1,007
All Other	-3,855	---
Total	$-5,355	$+1,007

JUSTIFICATION

Military Personnel Strength. The House action proposed a reduction of $1,500 thousand related to the Marine Corps portion of the overall reduction of 43,000 military personnel end strength as contained in the Military Authorization Bill coupled with a further reduction of 957 manyears as contained in the House Report on the Department of Defense Appropriation Bill, 1974.

Restoration of 879 of the 957 manyears reduction from the Military Personnel, Marine Corps appropriation requires the restoration of $527 thousand to the Operation and Maintenance, Marine Corps appropriation in order to adequately support the authorized military personnel strength. The costing related to this restoration is computed at $600 per manyear, the estimated amount required to adequately support the cost involved (879X $600).

Assuming that the Marine Corps' portion of the 43,000 military personnel end strength reduction relates to 1,600, using a 50 percent manyear to end strength factor would equate to a 800 manyear reduction. Thus the reduction in support cost in operation and maintenance related to a 800 manyear reduction would be $480 thousand (800x$600) vs. $960 thousand (1600X$600). Thus it is requested that as a minimum $480 thousand be restored. In addition, if favorable consideration is given to the request to restore the 879 manyears, it is further requested that an additional $527 thousand be restored to the Operation and Maintenance, Marine Corps appropriation for their support for a total restoration of $1,007 thousand.

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OPERATION AND MAINTENANCE, MARINE CORPS

($000)

Budget Activity	Budget Request As Amended	House Action	House Bill	Dist. Adj Requested	House Bill After Redist	DOD Appeal	Current Request of Senate
General purpose forces	216,562	-3,010	213,552	-278	213,274	+1,007	214,281
Intelligence and communications	889	-	889	-	889	-	889
Central supply and maintenance	101,629	-	101,629	-375	101,254	-	101,254
Training operations and other general personnel activities	67,792	-1,265	66,527	- 59	66,586	-	66,586
Administration and associated activities	30,128	-1,080	29,048	+594	29,642	-	29,642
TOTAL	417,000	-5,355	411,645	-	411,645	+1,007	412,652

($000)

DOD Appeal

Budget Activity	House Bill After Redist	Mil Pers Strength	Current Request of Senate
General purpose forces	213,274	+1,007	214,281
Intelligence and communications	889	-	889
Central supply and maintenance	101,254	-	101,254
Training operations and other general personnel activities	66,586	-	66,586
Administration and associated activites	29,642	-	29,642
TOTAL	411,645	+1,007	412,652

OPERATION AND MAINTENANCE, AIR FORCE

	(thousands of dollars)
FY 1974 Request, as amended	$6,717,100
House Appropriation Adjustments	- 185,000
House Bill	6,532,100
DOD Appeal	+ 111,829
Current DOD Request	6,643,929

Summary of Adjustments and Appeal:

	(thousands of dollars) House Adjustment	DOD Appeal
Overprice of Fuel Cost	- 30,000	+ 30,000
Flying Hour Program	- 12,000	+ 12,000
Space Available Travel	- 10,000	+ 10,000
Reduced Civilian Personnel Strength	- 9,020	+ 9,020
Command Data Buffer	- 3,500	+ 3,500
Full Time Degree Seeking Training	- 680	+ 447
Cost of Living Allowance for Civilians	- 521	+ 521
A-10 Cadre	- 47	+ 47
Project Transition	- 600	+ 494
Overseas Dependents' education	- 45,800	+ 45,800
All Other	- 72,832	-0-
TOTALS	$-185,000	$ 111,829

JUSTIFICATION

Overpricing of POL and Flying Hour Reduction. The House made a $30,000,000 reduction to Petroleum, Oils, and Lubricants (POL) on the premise that the Air Force can find ways to reduce flying hours without degrading its military readiness posture. The Committee further recommended a general, unspecified 100,000 flying hour reduction ($12 million) on the premise that the flying hour program is grossly overstated and that savings are attainable. The Committee stated that it was impossible for them to identify the exact amount of overstatement.

The FY 1974 consumption levels contained in the FY 1974 Budget Request are 14% below FY 1973 consumption levels. The reduced request is considered minimum essential for support of flying hour objectives required to maintain force readiness and to accomplish programmed activity as directed by National Command authorities. Future events which may limit supplies of fuel could cause a realignment of national priorities including reduced Defense readiness. It is essential that such a decision be made in the context of overall national priorities, including the degree of stability or instability in international affairs and should not be anticipated on a piecemeal basis.

It is essential that the Air Force program sufficient flying hours to maintain combat forces at a high state of preparedness consistent with national objectives. Although every conceivable management effort is and will continue to be made to function within the limits of available resources, reductions in physical consumption will not necessarily reduce funding requirements as prices continue to increase.

It is requested that the $30 million POL reduction and the 100,000 flying hour reduction ($12 million) be restored.

Space Available Travel. The House reduced Second Destination Transportation $10.0 million on the basis that airlift capability was being purchased to provide space available transportation for active and retired military personnel.

The elimination or reduction in space available travel will not reduce MAC flight requirements unless it is feasible to insure greater use by space required passengers or cargo. Savings could be made if perfect scheduling were possible. Assuming greater use of MAC airlift by space required passengers and cargo would not decrease the need for operations and maintenance funds in the near term since MAC operates under the Airlift Service Industrial Fund and O&M funds must be available to pay for the use of MAC airlift. In the longer term, greater use might reduce ASIF tariff rates if not offset by inflation in the cost of goods and services, especially POL. The outlook is for increasing tariffs thus making the proposed reduction doubly inappropriate. New rules on space available travel would not decrease Second Destination Transportation requirements, but would rather result in MAC flights proceeding with empty seats for which the government must pay in any case.

Passenger and cargo aircraft are procured to satisfy stated requirements only, without any procurement to provide space available accommodations; the passenger carrying aircraft procured to meet stated requirements enjoy a 95 percent utilization rate by required passengers; and there is no relationship between space available transportation costs and the fund requirements within which the reduction was recommended.

The DOD does not purchase airlift to accommodate space available passengers. DOD airlift requirements are based on the Services' estimated quantity and time-phased requirements to move space required travelers. MAC utilizes 95 percent of this procured capability to move space required passengers. There are a number of valid reasons why the seats procured are not filled by space required passengers; e.g., family emergencies, illness, accidents, improper passports, and lack of proper innoculations. Thus, unused seats, procured under the airlift procurement procedure, are offered to the space available traveler only when the space required travelers fail to use them as originally programmed.

Cargo designated ports, such as Dover, do not normally handle scheduled passenger flights during peacetime. However, having aircraft of the C-5 cargo class operate from these bases enables up to 75 passengers to be transported on an unscheduled basis depending on the allowable cabin-load or type of cargo moved. MAC aerial port manpower authorizations are based on wartime requirements. The training achieved as a by-product of providing normal passenger terminal functions is effective peacetime use of aerial port personnel and provides a trained cadre of personnel to support rapid deployment of personnel to meet worldwide wartime/ contingency requirements.

Those personnel that move under the space available system are categorized by priorities to ensure that emergency leave travelers move before all other categories of space available travelers. Active duty personnel and dependents are next with retired personnel being last. All passenger movements within each category are accommodated on a first-in-first-out basis. Senior active duty officers are not provided reservations and are moved on a first-in-first-out basis within the second category of space available travel as explained by Secretary Richardson's testimony in Part 1, page 442, Hearings before the House Appropriations Committee on April 3, 1973. Allowing the retired personnel this fringe benefit appears appropriate in a system that supports active duty members' needs first.

There is no relationship between the number of space available passengers moved on MAC missions and the Second Destination Transportation fund requirements. MAC missions are scheduled to operate when either: (a) there is sufficient cargo requiring movement, or, (b) when military mission support requirements necessitate operations of a mission without a full load of space required cargo. Space available passengers are moved on cargo aircraft only when there is space remaining after all cargo in the backlog for the applicable route has been accommodated. The number of space available passengers moved does not change the volume of cargo required to be moved in support of the military services mission requirements.

The effect of the $10 million reduction would be to limit transportation funds worldwide requiring shifts to lowest cost transportation with resultant increases in transit time, larger pipeline inventories, reduced support of deployed forces and inefficiencies completely unrelated to the question of space available travel raised by the Committee.

The restoration of the $10.0 million reduction in Second Destination Transportation is requested.

Reduced Civilian Personnel Strength. The House reduced funding for civilian personnel by $9,020,000 on the basis that since a ceasefire has been negotiated in Vietnam, military forces and equipment are being reduced, installations are being closed and new production techniques and equipment are being employed, civilian strength can be reduced.

The Air Force request for fiscal year 1974 is a reduction in civilian employment of .86% from the fiscal year 1973. After considering the conversion of 7,779 military positions to civilian and the upgrading and modernization of Reserve forces which added another 1,479 technician positions, the actual Air Force civilian reduction is 4.00% in FY 74. This exceeds the comparable military reduction of 2.36% for the same period.

The total of 11,780 civilian authorization reductions Air Force-wide (considering the military/civilian conversions and Reserve Force upgrades) results from force and equipment reductions and installation closures as well as the impact of labor saving techniques and equipment.

Vietnam ceasefire savings will not produce significant civilian savings during FY 1974 because the Air Force is still committed to maintain a Southeast Asia basing structure and capability sufficient to deter North Vietnamese forces from renewed combat operations.

The $9,020,000 reduction recommended by the Committee equates to a fiscal year 1974 end strength reduction of approximately 2,300. The total civilian authorizations requested in the FY 1974 estimate are required to

carry out the mission of the Air Force. The number of civilian authorizations is determined by mission requirements for flying hours, bases and military personnel. A reduction in civilian personnel will result in a reduction in mission accomplishment.

It is requested that $9,020,000 be restored.

Command Data Buffer. The House made a reduction of the $3,500,000 requested for the Command Data Buffer software upgrade and recommended that the Air Force use any existing funds available for software development to make the Command Data Buffer perform as it was originally intended.

The Air Force believes that these changes to the software programs are appropriately funded in Operation and Maintenance, rather than in RDT&E, since these changes are not development but rather for updating the system to incorporate new information that has become available since initial preparation of the software. This procedure is a continuing one in any computer software program. Updating of software is required in the same sense as indexes to current periodicals must be continually revised and updated. One of the update items, which will be included in the Operation Targeting portion of the system, is the incorporation of a new World Geodetic System (WGS-72). Improved knowledge of the earth's gravity field now allows a more accurate calculation of these effects. An expansion of the launch region gravity model, used in computing the missile targeting constants, will reduce error sources in targeting calculations which arise from local gravity anomalies. The WGS-72 model was not available in time to be included in the initial software program.

It is requested that the $3,500,000 for Command Data Buffer be restored to the estimate.

Full Time Degree Seeking Training. The House reduced the training load and budget request for graduate training by 20%. This is an additional 10% reduction to that made in the authorization act.

Fully-funded graduate education program inputs have been cut 30% in the past three years. This reduction in programmed inputs has caused the resource of officers possessing graduate degrees to fall 4,000 short of the 17,000 objective. Annual education inputs for FY 1974-1977 are aimed at eliminating this shortage by FY 1979. The four-year program considers projected gains from students presently in school and resources obtained from off-duty and Air Force education delay programs through FY 1979. It also considers projected losses from attrition during that period. A further reduction of 10% applied against FY 1974-1977 inputs will preclude elimination of this deficit.

The inventory objective is based upon the need to have 1.5 officers with graduate degrees in the inventory for each requirement to keep the billets requiring graduate education filled. This inventory objective is necessary to facilitate assignment of officers to permit graduate degree holders to fulfill their share of remote tours and for the assignment of some of these officers to operational jobs.

The Air Force makes every effort to reduce the costs necessary to meet those requirements. The fully-funded program is calculated to meet only 60% of the total requirement for graduate educated officers. The remaining 40% is met through off-duty and AFROTC education delay programs. The education delay students finance their own education and 80% of the off-duty students use Veteran Administration benefits.

The requirements needed through the fully-funded program are in hard-core engineering, science, and technical management academic disciplines. The off-duty, education delay, and service school associated programs produce very few officers with degrees in these limited resource areas.

A comprehensive and detailed management program for graduate education is in effect in the Air Force. Advanced academic degree requirements were placed on manpower documents in October 1972 and in November 1972 the Advanced Academic Degree Management System was implemented. This requires precise requirements identification and validation on a periodic basis. In addition, the policy of immediate utilization of fully-funded program graduates has been implemented. The matching of graduate degree resources against the established requirements will improve on a continuing basis as each permanent change-of-station is effected in the years to come.

A further reduction of rated officer participation in graduate education programs is not considered appropriate. In addition to the requirement for rated officers with graduate education in certain operational jobs, the Air Force Personnel Plan includes the need for officers in the rated supplement to have graduate degrees to perform in positions in the supplement. The Air Force has in the past and will continue in the future to keep the fully-funded education or rated officers at a minimum consistent with the mission requirements of the Air Force.

Since most of the costs of Air Force Institute of Technology (AFIT) degree programs are fixed, such as staff and instructor pay, any reduction in O&M dollars must necessarily be applied against the civilian institution program rather than the Air Force Institute of Technology Residence School. Also, since the civilian institution program for any particular fiscal year is made up of both carryover students, already part way through their degree program, and new inputs, any O&M reductions would be applied against new inputs.

As of 21 November 1973, 370 new student inputs have already entered or are in the process of moving to the civilian institution program against the FY 1974 quota of 670, leaving a balance of 300 inputs for the remainder of the fiscal year. The annual quota already reflects the House Armed Services Committee's authorization student load cut of 10%. An additional 10% cut, as proposed by the House, would result in an additional cut in load (equal to man years) of 196. Since it is now so late in the fiscal year, the load cut would translate into a 392 reduction in new student inputs to civilian institutions during the last half of FY 1974 which equates to 58% of the FY 1974 inputs in civilian institutions. Therefore, the additional 10% reduction would require immediately stopping all new student inputs to civilian institutions for the remainder of the fiscal year and would also require withdrawing 92 students already entered in degree programs.

The FY 1974 civilian institution estimate is for $1,189 per student year. Therefore, a 20% reduction in load applied against the civilian institution program should only equate to a FY 1974 O&M reduction of $466,000 and not the $680,000 indicated by the report.

It is requested that $447,000 in operations and maintenance funds be restored.

Cost of Living Allowance. For the reasons given on page 45 of this appeal, the cost-of-living allowance is necessary and the $521,000 reduction for this item should be restored.

A-10 Cadre. The House believes that to establish a Cadre at this time is premature and recommends denial of the requested funding of $47,000.

The Air Force plan to establish a small Cadre of four military personnel from an operating command to assist in evaluation of prototype aircraft is in compliance with the intent of Congress and not premature for evaluation of the prototype aircraft.

During the hearings before the Tactical Air Power Subcommittee of the Senate Committee on Armed Services in March 1973, the point was made that evaluations of the prototype aircraft were conducted by both technical and operational evaluators. This introduction of operational testing reduces the risk of expensive retrofit and modification.

Having operational representatives available full-time at Edwards AFB will increase the benefits which have been gained, thus far, by their temporary participation. To date, improvements have been incorporated into the development effort in the areas of ingress and egress, switch and instrument location, maintainability features and improvements in the armament loading system.

The benefits which have been derived by the participation of operational personnel will be enhanced by the establishment of a Cadre of full-time participants, particularly during this critical evaluation period just prior to production judgments being made.

The permanent assignment of operational personnel to Edwards would be less expensive and more stabilizing than providing temporary duty augmentation to the test evaluation effort.

It is requested that the A-10 Cadre and associated funding of $47,000 be approved.

Project Transition. The Air Force does not appeal the House recommendation that all Transition services be terminated by 31 May 1974, but takes issue with the $600,000 O&M reduction.

The O&M funds provide for the pay of 158 civilian positions authorized for this program. The reduction provides only for a six-month operation. The orderly termination of this program by 31 May 1974 will require sufficient resources for eleven months of FY 1974.

It is requested that $494,000 be restored.

Overseas Dependents Education. The House deleted funds from the service O&M appropriations for the overseas dependents education program and provided these funds under "Operation and maintenance, Defense Agencies." At the mid-point of the fiscal year, it is simply too late to make such a large shift for FY 1974. However, we have no objection to the shift proposed by the House, given sufficient time. Accordingly, unless the Congress objects, we propose to include funds for overseas dependents education in "Operation and maintenance, Defense Agencies" in the FY 1975 budget estimates. We ask, however, that these amounts be left in the service accounts for FY 1974, and, accordingly, that $45.8 million be restored to this account.

Adjustments to Force Program Distribution. The House bill establishes separate limitations by budget program and activity within the Operation and Maintenance appropriation. To insure the capability of the military services to comply with the limitations by budget program, it is essential that the distribution of reductions made by the House be revised to conform to the Major Force Programs in which the programs being reduced are funded. The correct distribution is displayed on page 91.

Other Reductions

The other reductions in the House Bill are as follows:

MASF Contract Support	- 30,000
Repair of Exchangeables	- 18,000
CHAMPUS	- 10,000
ADP Operations	- 5,700
Modification of B-52Ds	- 3,400
Aerospace/Continental Defense Consolidation	- 1,632
Inspection/Repair B-52Fs	- 500
Interservice Training	- 75
Executive Dining Rooms	- 25
Reduced Military Personnel Strength	- 3,500
TOTAL	-$ 72,832

OPERATION AND MAINTENANCE, AIR FORCE

(Dollars in Thousands)

Budget Activity	Budget Request As Amended	House Action	House Bill	Dist. Adj Requested	House Bill After Redist	DOD Appeal	Current Request of Senate
Strategic forces	1,154,554	- 30,400	1,124,154	+1,794	1,125,948	+25,275	1,151,223
General purpose forces	1,034,470	- 20,379	1,014,091	+1,051	1,015,142	+17,277	1,032,419
Intelligence & communications	532,343	-	532,343	-	532,343	-	532,343
Airlift & sealift	179,240	-	179,240	- 54	179,186	+ 44	179,230
Central supply & maintenance	2,354,458	- 35,520	2,318,938	-6,270	2,312,668	+14,820	2,327,488
Training operations & other general personnel activities	572,891	- 55,155	517,736	+1,090	518,826	+53,387	572,213
Medical activities	387,398	- 10,000	377,398	-	377,398	-	377,398
Administration & associated activities	215,013	- 3,546	211,467	+2,389	213,856	+1,026	214,832
Support of other nations	286,733	- 30,000	256,733	-	256,733	-	256,733
Total	6,717,100	-185,000	6,532,100	-	6,532,100	111,829	6,643,929

OPERATION & MAINTENANCE, AIR FORCE

(Dollars in Thousands)

Budget Activity	House Bill After Redist	Overprice of Fuel	DOD Appeal Flying Hours	DOD Appeal Space Available	Command Data Buffer	Civ Pers E/S	Full-Time Degrees	Proj. Transition	COLA	A-10 Cadre	Overseas Dependent Education	Current Request of Senate
Strategic Forces	1,125,948	15,000	5,000	-	3,500	1,500	-	44	231	-		1,151,223
General Purpose Forces	1,015,142	10,000	5,000	-	-	1,700	-	240	290	47		1,032,419
Intelligence & Communications	532,343	-	-	-	-	-	-	-	-	-		532,343
Airlift & Sealift	179,186	-	-	-	-	-	-	44	-	-		179,230
Central Supply & Maintenance	2,312,668	-	-	10,000	-	4,820	-	-	-	-		2,327,488
Training Operations & Other General Personnel Activities	518,826	5,000	2,000	-	-	-	447	140	-	-	45,800	572,213
Medical Activities	377,398	-	-	-	-	-	-	-	-	-		377,398
Administration & Associated Activities	213,856	-	-	-	-	1,000	-	26	-	-		214,882
Support of Other Nations	256,733	-	-	-	-	-	-	-	-	-		256,733
TOTAL	6,532,100	30,000	12,000	10,000	3,500	9,020	447	494	521	47	45,800	6,643,929

OPERATION AND MAINTENANCE, DEFENSE AGENCIES

	(Thousands of Dollars)
FY 1974 Request, as amended	$1,478,400
House Appropriation Adjustments	+172,008
House Bill	$1,650,408
DoD Appeal	-178,442
Current DoD Request	$1,471,966

Summary of Adjustments and Appeal:

	(Thousands of Dollars) House Adjustment	DoD Appeal
SECRETARY OF DEFENSE ACTIVITIES:	(+197,636)	(-192,786)
Overseas Dependent Education	+195,700	-195,700
Building Maintenance	-64	+64
Study Contracts for ASD(I)	+2,500	+2,350
New Civilian Employees	-500	+500
OFFICE OF INFORMATION FOR THE ARMED FORCES:	(-1,780)	(+1,130)
General Reduction	-1,780	+1,130
ARMED FORCES INSTITUTE:	(-530)	(-0-)
General Reduction	530	-0- 1/
DEFENSE CONTRACT AUDIT AGENCY:	(-550)	(+550)
New Civilian Employees	-550	+550
DEFENSE INVESTIGATIVE SERVICE:	(-500)	(+500)
Expension of Main Computer	-126	+126
Organization and Management	-374	+374
DEFENSE MAPPING AGENCY:	(-5,000)	(+5,000)
General Reduction	-5,000	+5,000
DEFENSE SUPPLY AGENCY:	(-6,000)	(+6,000)
New Civilian Employees	-6,000	+6,000
DEFENSE INTELLIGENCE AGENCY:	(-5,500)	(-0-)
Study Contracts for ASD(I)	-4,850	-0- 2/
New Civilian Employees	-650	-0-
NATIONAL SECURITY AGENCY:	(-3,000)	(-0-)
Civilian Personnel Reduction	-2,000	-0-
General Reduction	-1,000	-0-
DEFENSE COMMUNICATIONS AGENCY:	(-2,768)	(+1,164)
Computer Support for JCS	-1,768	+747
Increased Civilians for WWMCCS	-1,000	+417

1/ See clarification under Armed Forces Institute.
2/ See Secretary of Defense Activities Appeal.

JUSTIFICATION

Secretary of Defense Activities

Overseas Dependents Education. The House deleted funds from the service O&M appropriations for the overseas dependents education program and provided these funds under "Operation and maintenance, Defense Agencies." At the mid-point of the fiscal year, it is simply too late to make such a large shift for FY 1974. However, we have no objection to the shift proposed by the House, given sufficient time. Accordingly, unless the Congress objects, we propose to include funds for overseas dependents education in "Operation and maintenance, Defense Agencies" in the FY 1975 budget estimates. We ask, however, that these amounts be left in the service accounts for FY 1974, and, accordingly, that $195,700,000 not be transferred to this account.

Building Maintenance. The average cost to OSD for the past six (6) fiscal years for building maintenance and alterations has been more than $200,000 per year. These funds were used to reimburse the General Services Administration for such services as the moving of walls, doors, and wiring, building new space, replacing faulty wiring or light fixtures, painting and other general repair type work. With the inflation of GSA billing rates due to labor costs rising approximately 33% and material costs rising approximately 50%, the funds requested in FY 1974 will actually provide for a reduced level of effort from the past few years. We will continue to seek to control costs in this area but it is requested that the funding level of $214,000 be approved to allow a reasonable buffer against the cancerous effect of inflation.

Study Contracts for ASD(I). The report of the House reduced ASD(I) funds for Study Contracts from $4,850,000 to $2,500,000, giving this amount to Secretary of Defense activities although the funds were requested by the Defense Intelligence Agency. Contract study funds in FY 1973, a level to which the FY 1974 request was reduced, provided only the beginning of an effort to utilize advanced technology in the solution of intelligence and intelligence-management problems. The funds requested in FY 1974 would continue the use of this advanced technology. Part of it would be utilized in a complex cost/benefit study in which the cost of various intelligence collectors are, for the first time, plotted against the benefits to be derived from the intelligence they collect. The FY 1974 funds would continue and expand the technology advances in Early Warning which were purchased by the FY 1973 funds. The FY 1974 funds would be particularly valuable in the Net Threat Assessment area in comparing strengths and weaknesses of the Soviet and US Forces, including the examination of long-range intelligence and verification issues related to SALT and MBFR.

Request that the additional $2,350,000 be provided for these purposes.

New Civilian Employees. The House report stated that the ASD(I) requested an increase in civilian personnel from a strength of 35 to 65 positions. The Appropriations Committee allowed an increase of 15 positions stating that "A large staff is not required to carry out this management responsibility, especially when assistance is being received from outside consultant contractors." Consultant contractors do not constitute an augmentation of the strength of the ASD(I) office. Rather, they give the office on a temporary basis expertise unavailable within ASD(I) or DoD. The ASD(I) office exercises a valuable and significant management role over intelligence resources. This involves such complex matters as a Study of Intelligence Cost versus Benefit, consolidation of various similar intelligence installations and intelligence activities, of resource reductions. This can only be done by a highly qualified staff which is prepared to go into these important issues in depth and with objectivity. Beyond the purely management role, there must be an ability to compare the technological

and scientific value of complex collection and processing systems. What is required is not managers, but scientists and technicians to make these complex evaluations. Another vital function must be performed by the ASD(I). The combination of Soviet estimates with US capabilities provides the most dynamic method of evaluating our intelligence effectiveness. Our Net Threat Assessment group provides the base line for the substantive, technical and management judgments of the community. Without this input, the decisions in other areas would have to be made out of contact. In view of the size and complexity of the ASD(I) task a strength of 65 is not considered excessive. The staff began with a strength of 12 civilians and 9 military personnel in 1969. It has grown slowly over the last four years as additional responsibilities have been given it.

Request the $500,000 be restored to fund the 30 new positions.

Office of Information for the Armed Forces

General Reduction. The House Appropriations Committee considered that "many of the additional operations to be started or expanded are not required". The major increases requested for this office were to provide for the second phase of a program initiated in FY 73 of radio and television service for Navy ships at sea. The program was requested by the Secretary of the Navy in August 1972 and approved by the Deputy Secretary of Defense in September 1972 with the understanding that FY 74 budget guidance control totals for the Navy were reduced by the $3.5 million required by the Office of Information for the Armed Forces to support this program. While the amount represents an increase in the Office of Information for the Armed Forces FY 74 budget, it is offset by a decrease in the Department of the Navy budget request.

The Navy has developed a full range of human relations and personnel -- orientated programs during the past year. Practically all are designed to benefit both the Navy man and his family ashore. There is still a great and urgent need to improve the lot of Navy personnel at sea. This is particularly true in attempting to meet the requirements of an All Volunteer Force in the absence of an active selective service system. The expansion of American Forces Radio and Television to Navy ships and submarines will provide working men at sea with morale - building entertainment while improving communications with them as they perform their daily work. This second phase of the program will provide radio service to 553 Navy ships and television service to 120 Navy ships. The third and final phase in FY 75 will expand the television service to a total of 154 Navy ships. It is believed that the value of these programs, which should do much to support reenlistment and recruiting efforts, far outweigh the relatively nominal costs of these services. A reduction of this program at this time would have a serious impact on the morale and welfare of Navy personnel. In view of the fact that the requested increase actually is offset from Department of the Navy budget submission, we would appreciate reconsideration of the adjustment proposed by the House Appropriations Committee.

Defense Contract Audit Agency

New Civilian Employees. The Committee report reduces the Defense Contract Audit Agency appropriation request by $550,000 and states that "the reduction relates to the request for new civilian personnel positions which is denied as being unnecessary for its operation."

The DCAA FY 1974 request covers 3,647 positions in both FY 1973 and FY 1974. The budgeted man-year level is 3,510 in FY 1974, an increase of 34 over the level reflected for FY 1973.

The 34 man-year increase in FY 1974 is requested to cover a small part of the new cost accounting standards work of DCAA caused by PL 91-379. That law created the Cost Accounting Standards Board (CASB) as an agency of Congress. The CASB is responsible, under the law, for promulgating cost accounting standards designed to achieve uniformity and consistency in the cost accounting principles followed by defense contractors and subcontractors under Federal contracts, with the objective of improving the procurement process. For the law to achieve its objective, however, contract auditors are required to perform the additional mission of reviewing contractors' Disclosure Statements and actual costing practices for adequacy, consistency, and compliance with CASB standards. Within the Department of Defense, this new audit function has been assigned to the Defense Contract Audit Agency.

DCAA expended 134 man-years on this new cost accounting standards work in FY 1973, the first year that any CASB standards were in effect. No additional resources were provided for this purpose. This high priority work was accomplished by deferring other important audit work.

In FY 1974, DCAA now plans to utilize a minimum of 192 man-years on cost accounting standards work while the normal audit workload will remain at the same level or higher than FY 1973. The 34 additional man-years requested in FY 1974, therefore, are only 18% of the new audit workload caused by PL 91-379.

The report of the House Committee on Appropriations maintains the FY 1974 funded man-years at the FY 1973 level and does not give recognition to the additional resources required by the new DCAA audit mission relating to cost accounting standards. The regulations issued by the CASB, under PL 91-379, require the Department of Defense to perform this additional audit work. The Secretary of Defense, in turn, has assigned the responsibility for such contract audit work to DCAA. Since this work is required by PL 91-379 and CASB regulations, resources for performing this work must be reprogrammed from normal contract audit mission areas where available resources are already at an austere level. Such action would increase procurement costs since DCAA, in performing its normal contract audit mission, achieves identifiable savings of approximately $700 million annually, or more than $10 dollars for each dollar expended by this Agency. In addition, many more millions, which are not quantified, are saved through cost avoidance and preventive type audit actions. In the interests of reducing overall defense procurement costs, therefore, it is strongly recommended that the 34 man-years and $550,000, reduced by the Committee for FY 1974, be fully restored.

Defense Investigative Service

Expansion of the Main Computer. DIS appeals the $126 thousand reduction for augmentation of the main computer and requests that these funds be restored. The DIS computer was inherited from the Army which used the equipment for a single two-fold purpose: maintenance of the Defense Central Index of Investigations (DCII) of some 20 million records, and monitoring of its own investigative cases. The computer was near the saturation level with that limited task.

DIS' mission is to conduct personnel investigations for all Services. Consequently, its data processing requirements with respect to personnel security investigations case control

are more than triple those of the Army. In addition, DIS requires a centralized management information system (personnel, logistics, manpower and organization, operational control) which the Army did not. DIS is performing the personnel investigations function for the entire DOD at a cost less than that required by the three Services. Continued economies are contingent upon more efficient automation of DIS operations.

Continued improvements in the automation of DIS operating procedures has permitted DIS to absorb seven forced manpower space reductions in FY 74. Additional computer programs have been developed, and are partially operational, to assist in personnel security investigation (PSI) case management and overall DIS resource management and control. Successful continuation of these programs beyond the prototype stage, however, requires enhancement of the computer.

The $126 thousands is needed to expand the capacity of the computer to meet these requirements by leasing one additional memory core, an additional direct access (disk) storage facility, four additional tape drives, and a documentation software package. Failure to expand the computer will preclude: (a) further additions, refinements, and improvements (while requiring diversion of manpower to various tasks); (b) the disposition of some 20,000,000 index cards (now requiring around 10,000 square feet of floor space) still retained as the sole back up in the event of failure of the computer as currently structured; (c) the production of manhour and logistical data essential to improved management of the DIS, including enhanced accuracy in resource distribution.

Organization and Management. DIS appeals the reduction of $374 thousands and 52 civilian positions for the management and organizational structure and requests they be restored. The DIS organizational and management concept may have been misconstrued and clouded by the DIS definition of "field office" versus that of the FBI.

The comparison between the FBI and the DIS organization appears to be based on a misunderstanding. DIS "Field Offices" do not equate to FBI "Field Offices," but rather, to FBI Resident Agencies (of which there are 590). DIS District Offices (of which there are 20) essentially equate to FBI "Field Offices," (of which there are 59), both being field supervisory and support elements.

The 246 field offices actually represent a reduction of 171 locations (or 41%) from the number utilized by the military departments prior to the establishment of DIS. These field offices are purely operational locations, ranging in strength from one man to as many as 50, geographically located where the workloads are. DIS field offices have no administrative or "headquarters" duties. They are rather, focal points from which investigators work. Except for a small number of cases requiring specialized control at the district headquarters level, DIS investigations are conducted by investigators assigned to the 246 operational locations and are reported directly to control centers for review, compilation, and dispatch to requesters of DIS services. The concept of intermediary supervision on both National Agency Checks and other personnel security investigations was disregarded as inefficient in the planning stages of DIS. It is largely

due to the direct supervision of the DIS voluminous workload by control centers that has enabled DIS to decrease the number of personnel formerly performing the PSI mission. Under current conditions, a decrease in the number would occasion a direct decrease in productivity, and a consequent increase in cost per investigation. The number reflects the best current known dispersal of resources to attain the lowest travel distance, expense, and personnel manhour expenditure per investigative lead. The number and location of the field offices is under continual review for required revisions as workload and population density changes might indicate.

The 20 DIS District Headquarters appear to be optimum for the geographic responsibilities (the 50 states and Puerto Rico). A smaller number would strain the already taut span of control.

With respect to DIS organizational concepts, it is possible the Committee construed the DIS elements at Ft. Holabird, Maryland, as part of the management structure. Such is not the case. Those elements are concerned directly with the receipt, opening, and controlling of cases (both personnel security investigations and National Agency Checks), the ultimate filing thereof, and the operation of the Defense Central Index of Investigations (DCII). The computer at Ft. Holabird directly supports these operational elements.

The DIS "management" structure includes only the DIS Headquarters (Forrestal Building, Washington), and the field (District Office) command and support elements. This "overhead" structure is at about the 12% level. This 12%, moreover, includes provision for maximum centralization, in the interest of economy and efficiency, in procurement, vehicle fleet management, personnel administration, and other support tasks. While continuing studies are underway to reduce the overhead, in the interest both of economy and of enhancing field operational capabilities, it cannot be expected that the current percentage can be changed to any appreciable degree without discontinuing essential support functions.

DIS has a total manpower authorization of 2,962 -- 1,750 military and 1,212 civilian. This is a 12% (416 space) decrease from the number utilized by the military departments - prior to the advent of DIS - for the personnel security investigative function. DIS requires its present manpower levels to maintain its objectives of early completion time on all types of cases. The recommended reduction of 52 civilian positions and $220 thousands, together with the military reductions, addressed separately in this appeal, would have a major adverse impact on production capability and case completion times.

The current distribution of DIS manpower reflects essentially the "in-place" location of personnel of the military departments scheduled for assignment to DIS at the time DIS was created. In the interest of economy and good management we are waiting for the workload to normalize before making a more judicious determination as to where the resources are needed on a fairly permanent basis, so we would not have unnecessary displacements of persons and families which would be a costly procedure.

In the meantime, temporary duty assignments (TDY) have been necessary to compensate for current geographic imbalances. The $154 thousand is essential both to continue the short term TDY assignments and the long-term civilian redistribution required for economical and timely operations.

Defense Mapping Agency

General Reductions. The Committee recommends a $5 million reduction on the basis that the Committee has been critical of the high cost of mapping mapping operations in the Department of Defense for a number of years and is still of the opinion that the operation is too costly.

The reduction of $5 million in operating costs for FY 1974 will adversely impact the Defense Mapping Agency's (DMA's) capability to meet validated military requirements. These include all of the maps, aeronautical charts and nautical charts required for safe navigation of all of the forces on air, sea and land in peacetime as well as wartime operations. A major part of these requirements are the precise positioning and earth gravity data necessary for employing aerospace and missile systems. This reduction will compound the effect of resource reductions of more than 20% which have been levied against Department of Defense (DoD) mapping, charting and geodesy (MC&G) production organizations during recent years.

The President, in directing the creation of DMA did, in effect, carry out the desires of the Committee. He stated in his directive that DMA was being created to combine the separate mapping, charting and geodetic organizations of the Military Services in order to achieve maximum efficiency and economy in production. A thorough review of MC&G operations was made during the course of internal DoD negotiations leading to the transfer of operations to DMA. DMA's budget request for FY 1974 also was subjected to a similar analysis before funding levels for the President's Budget were established.

DMA's objective since its inception has been to carry out the President's directive and concurrently to decrease the gap between validated military requirements and what can be produced without a major increase in resources. DMA has concentrated on reducing operating costs through consolidations and the restructuring of organizations and has taken steps to meet requirements with less expensive products wherever possible. For example, before DMA was established, standard large scale maps were planned for all areas where a military need was identified. It was concluded that the expenditure of millions of dollars for standard maps could be avoided in areas where troop deployment is now unlikely, by providing data in a variety of less expensive interim products, which could be upgraded rapidly in the event of force deployment. The requirements to which DMA responds stem directly from validated operational requirements of the armed forces. The increasing sophistication of sea, air, ground and missile weapons systems and the need to be prepared for rapid deployment of these systems on a worldwide basis tends to increase the requirement for MC&G support at a rate which offsets technological gains in mapping and geodetic capabilities. The MC&G program has never been sufficiently large to fully meet all of the MC&G needs of the armed forces, resulting in crash production and use of substandard interim products in the early phases of all U.S. contingency operations. Major reductions in both manpower and dollars in the MC&G program since 1969 have widened the gap between what is required and what can be produced with available resources.

The Defense MC&G program is not a high cost program when considered in the context of its worldwide scope and the cost of forces and weapon systems dependent on it for operational support. DMA provides unique products and

services such as those in support of missile systems. While these require a major part of DMA resources, particularly in providing precise launch and target positions and data on variations in the pull of gravity, this is a very small cost when compared to the billions in R&D and Procurement funds already invested in these systems. Without the MC&G support they cannot be effectively employed.

Not provided for in the budget submission are recent price increases for lithographic printing and map paper. For example, a skid of map paper extensively used in production was budgeted for at $315 per skid and the current price is $630. Total price increases experienced since 1 July 1973 exceed $1.2 million.

Appeal. It is requested that the $5 million reduction be restored so as to not further degrade DMA's capability to meet the requirements of the military forces.

Defense Supply Agency

New Civilian Employees. The result of the increasing delegations, workloads and complexities of services requested by our military customers has all but eliminated the ability to absorb additional resource requirements within current manpower authorization.

The defense procurement environment of recent years has exerted influence on procurement agencies to even more rigidly account for the public dollars they expend. This in turn is reflected in workload increases for the Contract Administration Services through more delegations to them and increased effort on the contracts themselves. Work assigned to DSA during the past few years reflects this additional delegation pattern. Contracts under our administration have risen from 163,000 in June 1971 to 211,000 in October 1973, a 29% increase. During the same period, contracts assigned requiring close production surveillance increased from 113,000 to 150,000, a 33% increase, generating workloads on professional specialists which necessarily result in lesser attention to the administration of some contracts and increasing the risk of poor contract administration. As an example, the average number of contracts assigned to an Administrative Contracting Officer (ACO) is currently 340 as opposed to 250 contracts per ACO in the June 1971 time frame.

Other areas in contract administration not related directly to the contract workloads have experienced similar work increases. Contract Compliance reviews have doubled in the past years, and other requirements have been added such as Equal Employment Opportunity compliance in the construction industry, reviews of contractor use of tests and other selective criteria, and reviews of Government contractors with respect to discrimination in employment on the basis of religion or national origin. The Industrial Security Program responsibilities have increased similarly.

In addition, the trend of sophistication in weaponry in the past few years has placed an increasing demand for more responsiveness. This takes the form of more stringent contractual requirements to enforce, more detailed and advanced technical requirements, and, because of the criticality of all components in an integrated weapons system, increased emphasis on quality of contractor production.

An in-depth analysis of the Quality function resulted in procedural changes within existing resources to strengthen the program and an identification of the need for 605 additional spaces to fully perform the Quality Assurance mission.

The purpose of the Quality Assurance Improvement Program is to avoid wherever possible the problems and costs which result from unsatisfactory

contractor products. We are confident that this investment will be more than offset in the future by avoidance of costs to the Services due to unsatisfactory contractor products entering their logistics and military operations systems.

The majority of the spaces are to be allocated to the hands-on, in-plant, contractor surveillance effort, where the greatest short fall of work not being performed has been identified. Some spaces will be devoted to bolstering first-line supervision, where discrepancies in geographic and numerical span of control exist, to insure that required work is performed. In addition, a portion of these spaces are to be utilized in an intensive three-year employee development program.

Denial of these additional resources will have an impact on mission performance in two fundamental areas:

The first, in-plant effectiveness, would revert to a level below that experienced during FY 1971 and FY 1972 when extensive amounts of necessary work were not being accomplished as a result of personnel shortages. Under the current austere environment, which places increased reliance on DSA for contract administration, each buy becomes more critical to the Services and they are requiring more stringent enforcement of quality requirements. Contract administration personnel shortages would preclude acceptable response to these demands, and increase the risk of receiving defective material.

The second, loss of technical capability, is associated with an aging work force, few opportunities to recruit well-qualified personnel from industry, and no established source of trainee candidates, appear insurmountable without an intensive effort to provide a continuing source of highly trained replacements as visualized in the training program included in the Quality Assurance Improvement Program.

To provide an effective contract administration quality assurance effort, without degradation of other Agency functions, the additional 605 spaces requested are required.

Defense Communications Agency

Computer Support for the JCS.

To assess the impact of the $1,768 thousand reduction it is necessary to clarify the make-up of the total figures. The following table provides an accurate breakout:

	($ In Thousands) FY 1973	FY 1974	Change
OJCS ADP Support quoted in House Report	$9,774	$11,542	$+1,768
Less Military Personnel Pay Included in Above /a	-1,934	-2,553	+747
Less Civilian Pay Proposed Supplemented in Above /b		- 128	
O&M for OJCS ADP Support Included in DCA's Estimate	$7,840	$ 8,861	$+1,021

/a The OJCS ADP support figures on page 129 of HAC report included the OJCS pro rata share of military personnel costs of military who are assigned to the National Military Command System Support Center.

/b OJCS ADP support figures also included $128 thousand for the OJCS pro rata share of the proposed FY 1974 pay raise supplemental which has not yet been submitted to the Congress.

From the above table it is clear that the O&M increase between FY 1973 and FY 1974 is not $1,768 thousand as indicated in the HAC report but $1,021 thousand. The DCA requests restoration of the $747 thousand difference.

Loss of the $747 thousand would cause the following results:

a. Centralized ADP support for the common computer systems provided under JCS auspices to other WWMCCS commands will be severely curtailed. This includes support to such programs as Single Integrated Operations (SIOP); Joint Resource Assessment Data Base Report (JADREP); Single Integrated Damage Assessment Capability (SIDAC). This curtailment will require these commands to reprogram for such support independently at greater overall cost and achievement of standardization benefits will be severely jeopardized.

b. Requirements to sustain operational capability in critical command and control functions will be reduced as will the capability to respond promptly to the needs of the Directorate of Plans and Policy in such areas as SALT and MBFR negotiation analytical support.

c. Continuation of on-going development projects to improve Interim Joint Operations Planning System (JIS), Force Status System (FORSTAT), General War System (GWS) will be deferred until later years and will entail unknown termination and start-up costs. In addition, such deferral would make it necessary to retain IBM 360 computers for a much longer period of overlap with the new standard computers. This retention would result in increased costs approximately $1M yearly for as long as the IBM equipments were retained.

d. The development of ADP programs to automate acceptably realistic NMCS tests and exercises will be postponed to later years. The results of these exercises are used to guide the allocation of resources to optimize the NMCS.

e. Capability to support JCS with information required for current analysis of world situations through the Current Situations (CURSIT) program and the accompanying on call crisis management requirements will be reduced.

The DCA request for increased computer support to JCS in FY 74 was influenced by several factors, namely:

a. Transition from contractor support to in-house capabilities requires a period of in-house and contractor overlap in FY 74. While technically proficient programmers and analysts are available, the overlap is required to achieve the technical expertise and knowledge peculiar to JCS operations necessary to carry on this work. This temporarily increases the JCS allocation of the DCA budget for FY 74 by $350 thousand.

b. To assure operational capability of the NMCS during conversion to the new Honeywell computers, it is necessary to maintain the IBM computers to operate with software programs not yet converted. Retention of this capability involves a cost of approximately $650 thousand.

c. The Continental Air Defense Analysis functions, formerly funded ($100 thousand) by the Air Force were assumed by the JCS when the Joint Continental Defense Systems Planning Staff (JSIPS) was disbanded and now appear as part of the DCA/NMCS budget.

In summary, the reduction of $747 thousand described above, will seriously affect OJCS capabilities to command and control forces in the field in response to NCA direction and new studies and analysis efforts in support of critical negotiations.

Increased Civilians for WWMCCS. The House Appropriations Committee recommended a decrease of $1.0 million based upon the assertion that $2.0 million had been included in the DCA budget for additional civilian employees based on staffing for the entire fiscal year. The actual requested increase for additional employees was $1.75 million based on utilization for three quarters of the fiscal year. Therefore, utilizing the same rationale, a reduction to two quarters utilization would mean a 1/3 cut of the $1.75 million or $583 thousand. The DCA requests restoration of the $.417 million difference.

If the loss of $.417 million is sustained for additional civilian employees in support of WWMCCS, as proposed by the HAC, it would have the following impact.

a. Technical support to the WWMCCS will be curtailed or drastically reduced in such areas as: (1) implementation of the Prototype WWMCCS Intercomputer Network (PWIN), the development vehicle for achieving distributed data bases within WWMCCS to facilitate data exchange and to permit resource sharing among WWMCCS computer sites; (2) ADP Workload Evaluation Technology (analysis and testing of various commercially available ADP probes and monitors for use as standard by the WWMCCS sites) and Performance Evaluation and Monitoring

Program (workload sizing, assistance in improving computer performance prediction and evaluating the impact of system changes), these efforts will detect and help reduce inefficiencies in computer operations and will assist in meeting the economic goals established for the WWMCCS ADP program; (3) Definition of Interface Standards between Honeywell computers and the various communications and display devices to be connected to them at the various sites; lack of these standards will cause the WWMCCS Community to use local, redundant, non-standard solutions resulting in increased costs.

b. Security in connection with JCS computer support will be jeopardized in such areas as Single Integrated Operations Plan (SIOP) Following and Nuclear Weapons Accountability by stopping the on-going transition from contractor efforts to in-house efforts because more stringent security procedures can be imposed and enforced on in-house personnel.

c. Responsiveness and flexibility to changing JCS requirements will be reduced because in-house support capabilities do not require time-consuming changes and/or modifications to contracts. In addition, a greater expertise is developed and maintained through constant exposure to NMCSSC, JCS and OSD operations.

UNITED STATES ARMED FORCES INSTITUTE (PAGE 57)

House Bill

The Committee directed that the United States Armed Forces Institute (USAFI) be disestablished by May 31, 1974. The Committee reduced the Operation and Maintenance requests for FY 1974 for USAFI by $530,000.

Department of Defense Position

The continuance of USAFI is essential to support effective on-going education programs of the Military Departments. The Department of Defense concurs with the assessment that educational programs available to servicemen have improved over the years and that USAFI's blanket support for all correspondence and group study programs is no longer required. In recognition of this fact, a plan is in effect to modify USAFI's role by substantially reducing educational program functions in FY 1975. DoD proposes to accelerate the modification to accommodate the $530,000 reduction in the FY 1974 budget. Other elements, not specifically addressed in the House Appropriations Committee report, are considered vital. These include test scoring and reporting, assistance to educational advisors in the field, arranging educational opportunities for servicemen through the civilian educational community, and central administration of certain common support functions, especially those related to effective administration of tuition assistance and VA in-Service benefits which the Committee has supported elsewhere.

JUSTIFICATION

The Military Departments report they would have to add staff, contract for services, or suffer program setbacks if essential USAFI services are not available.

Examination Program

The strong trend among educational institutions to recognize credit-by-examination predicts a steady increase in the volume of testing. USAFI selects and procures the tests, distributes materials, establishes and monitors security and administration procedures in USAFI Testing Centers, conducts a centralized scoring and reporting service, and maintains permanent test records.

Support for Education Advisors in the Field

The professionals who provide effective advisement of servicemen need support because of the mobility of Armed Forces personnel, the complexity of options open to servicemen, the isolation of military advisors from a professional

community, and heavy time commitments to program activities. USAFI can provide this assistance to all four branches of the Service more effectively than each branch can provide it for itself.

Modification of Educational Offerings

To meet the needs of servicemen at isolated sites and those involved in shift work, USAFI will support a drastically reduced group study program and will continue to organize opportunities for correspondence study through civilian colleges and universities.

Centralized Common Support Services

Provision of certain common services such as materials procurement and computerized record keeping would require certain activities and specialized staffs to be trained and maintained four times if decentralized.

Accreditation by the Civilian Educational Community

The name USAFI, its tests, and its Testing Center system have become recognized by the civilian educational community, a development which would be difficult to replicate on a service-by-service basis.

Discontinuation of Services

Operating under current policy, USAFI has made a commitment to each of its more than 200,000 students that he would have one year from his date of enrollment to finish his final lesson and have it graded. Therefore, even if enrollments are discontinued at once, there is an obligation to continue the instruction program beyond the date directed by the Committee.

Summary

It is therefore strongly recommended that USAFI not be disestablished, but that after stopping support for in-house correspondence courses it continue to provide the essential support services described above.

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

	(Thousands of Dollars)
FY 1974 Request	$11,400
House Appropriation Adjustments	- 400
House Bill	$11,000
DOD Appeal	+ 400
Current DOD Request	$11,400

Summary of Adjustments and Appeal:

	(Thousands of Dollars)	
	House Adjustment	DOD Appeal
Strength Shortfall	$-400	$+400
Total	$-400	$+400

JUSTIFICATION

Strength Shortfall. The service appeals the $400 thousand recommended reduction in the Operation and Maintenance, Marine Corps Reserve budget request which the Committee has related to its recommended reduction in the Reserve Personnel, Marine Corps budget request. The service does not relate operation and maintenance funds to manyears but budgets based on requirements. Further, regardless of the number of personnel drilling, as long as each unit meets minimal requirements to justify existence, the training centers must be operated and maintained, and equipment maintenence must be performed. Also, maintenance requirements, in the form of minor construction, have been greater in Fiscal Year 1974 because of the declining state of the Marine Corps Reserves' training centers. Additionally, table of equipment items which comprise a large share of the Operation and Maintenance, Marine Corps Reserve budget request must be on hand at the training centers in the event of mobilization inasmuch as the Ready Reserve would flesh-out the Selected Reserve units and these personnel would have to be equipped. Lastly, field training requirements have increased in Fiscal Year 1974 because of the requirement for larger unit field training in the Five Year Training Cycle. Therefore, the service appeals for restoration of the $400 thousand reduction recommended in the Operation and Maintenance, Marine Corps Reserve budget by the Committee.

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

(Thousands of Dollars)

FY 1974 Request as Amended	$227,600
House Appropriation Adjustments	-4,600
House Bill	223,000
DOD Appeal	+2,400
Current DOD Request	$225,400

Summary of Adjustments and Appeal:

(Thousands of Dollars)

	House Adjustment	DOD Appeal
Termination of WIS Program and Non-Prior Service Strength Shortfall	$-1,250	-
C-5 Technician Strength	-2,400	$+2,400
Other Services - Mission Forces	- 950	-
	$-4,600	$+2,400

JUSTIFICATION

Air Reserve Technician Maintenance of the C-5A. The committee was of the opinion that there were too many people being requested to perform maintenance on the C-5A aircraft and they directed a reduction of $2.4 million and 200 technicians. The committee based its observation on 11,953 total flying hours for the Air Force Reserve.

From inception the Reserve Associate Program has required an Air Reserve Technician (ART) maintenance capability. Eighty-one percent of the ART force supports the maintenance requirements, while 15% supports aircrew training as instructors. Four percent supports management, records maintenance and administration.

In the period FY 1968-1972, the associate crew ratio was 1.0 crews per aircraft which equated to .5 hours per day per UE aircraft that the ART maintenance force needed to produce. In FY 1972 the associate crew ratio was increased to 1.25. By the end of FY 1974 the ART force must be capable of supporting a flying hour rate which would produce 20,160 hours for a full fiscal year. The 390 additional technicians requested support the Reserve C-5 program of 20,160 flying hours.

Four C-5 Reserve units enter the force as follows: two units in 4/73, one unit in 2/74, and one unit in 3/74. The flying hours and manpower are programmed on the same phased basis. The end strength must be based on these flying hours, not the 11,953 figure. In FY 1974, the C-5 ART manyears are based on the unit phasing. Since the ART maintenance force

provides a stable peacetime training capability and insures the production of the hours required for Reserve aircrew training, a 200 reduction in Air Reserve Technicians would not provide the C-5 Reserve maintenance capability required to produce the flying hours necessary for Reserve aircrew training.

The generation of flying hours, or alternatively the ART maintenance manning, is in no way related to whether the flying hours are funded by Air Force Reserve O&M appropriation or the Airlift Service Industrial Fund (ASIF). Therefore, the 434 direct hire civilians referenced in the House Appropriations Committee report fill active force maintenance requirements and have no bearing on the Reserve maintenance production requirements.

Loss of training because of this reduction in the technician force will reduce combat readiness and prevent the Air Force Reserve from obtaining its wartime capability to augment the active force.

It is requested that $2.4 million and 200 ART spaces be approved.

OPERATIONS AND MAINTENANCE, ARMY NATIONAL GUARD

	(Thousands of Dollars)
FY 1974 Request, as amended	$540,000
House Appropriation Adjustments	-16,000
House Bill	$524,000
DOD Appeal	+6,000
Current DOD Request	$530,000

Summary of Adjustments and Appeal:

	(Thousands of Dollars) House Adjustment	DOD Appeal
Strength shortfall	$ -3,000	$ +3,000
Organizational Clothing and Equipment	-5,000	
Air Defense	-3,000	+3,000
POL	-3,000	-
Technicians	-2,000	-
	$-16,000	$+ 6,000

JUSTIFICATION

Strength Shortfall. The HAC reduction of $3 million based on a projected strength shortfall is not realistic. Most accounts in the Operations and Maintenance, Army National Guard appropriation are not sensitive to military strength. The request for those accounts that are strength sensitive was tailored to provide a balanced program to support projected Army National Guard military strength.

The October 31, 1973 paid drill strength of the Army National Guard was 13,845 above the programed strength for that date. The excess funds in the National Guard personnel Army appropriation result from a shortfall in non-prior service enlistments and a lower input into initial active duty for training. The reduced number of non-prior service enlistments is being more than offset by an increased number of prior service gains. The net result is an increase in paid drill strength. Non-prior service enlistees are not part of the paid drill strength until entry into initial active duty for training. They do not participate in drills or annual training until completion of the initial active duty for training period and therefore generate no operations and maintenance fund requirements until they join the ranks of personnel actually participating in drills and annual training.

A reduced number of non-prior service enlistees has no impact on the operations and maintenance Army National Guard fund requirements. However, an increased number of prior service enlistees and increased paid drill strength does impact on the operations and maintenance requirements.

Because current Army National Guard strength is above projected strength plans and recruiting efforts are showing success, the $3 million reduction for strength shortfall should be restored.

Air Defense. The HAC recommended that Army National Guard Nike Hercules air defense units be phased out and reduced the Operations and Maintenance, Army National Guard appropriation by $3 million.

[deleted]

OPERATION & MAINTENANCE, AIR NATIONAL GUARD

(Thousands of Dollars)

FY 1974 Request, as amended	$524,500
House Appropriation Adjustments	-6,500
House Bill	518,000
DOD Appeal	+2,500
Current DOD Request	$520,500

Summary of Adjustments and Appeal:

(Thousands of Dollars)

	House Adjustment	DOD Appeal
Shortfall in ANG Drill Strength	$ -400	-
Petroleum, Oil, and Lubricants	-3,100	-
Depot Maintenance	- 500	-
Technician Program	-2,500	$+2,500
Total	$-6,500	$+2,500

JUSTIFICATION

Technician Program. The Committee recommended a reduction of $2.5 million and 200 technician positions on the basis that only 65 percent of authorized additional technicians were assigned to logistical support areas.

The Air National Guard was authorized a phased increase of 4,415 Air Technicians during FY 1972 and FY 1973, by Public Law 92-119. The 22,550 end strength authorized for FY 1973 would have provided 100% manning of the known technician requirements at the time of enactment of the Law, with 75% of the increase in the areas of logistical support and maintenance.

Since passage of PL 92-119, approximately 70% of the Air National Guard units have converted to more modern aircraft and total technician requirements have increased from 22,550 to 24,203. The conversions demanded priority manning to support Air National Guard Aerospace Defense Units which were equipped with nuclear weapons. The required 100% manning of weapons custody, security and crash/fire rescue positions in these nuclear equipped units resulted in the diversion of technician spaces from logistical and maintenance functions.

The budget request provides for an end strength of 22,206 which is 344 less than the total authorized by PL 92-119. This, coupled with the priority manning in ADC units, has prevented the ANG from assigning 75% of new growth to logistical and maintenance functions. The additional reduction of 200 spaces will only further compound the problem and will not permit the hiring of additional aircraft mechanics and electronic specialists, which are essential to maintain ANG weapon systems.

It is requested that $2.5 million and 200 spaces be approved.

SPACE-AVAILABLE TRAVEL

House Bill

"To enforce tighter controls over the use of the airlift service the Committee is reducing the request of the Military Departments for second destination transportation funds for fiscal year 1974 by $25,500,000. The amount applicable to each service is designated in the discussion of that services' request for fiscal year 1974 which appears on subsequent pages." (p. 102, House Report.)

Department of Defense Position

The Department requests that the $25,500,000 not be cut from the Military Departments second destination transportation funds for fiscal year 1974 movement of cargo. This is covered in the appeal for each appropriation concerned.

JUSTIFICATION

Space available transportation of DoD personnel results as a by-product of airlift capability procured to meet the stated requirements of the Military Departments. These requirements represent the estimates of the number of people and tons of cargo or mail which the Services plan to move between specific points within a given period of time. The Military Airlift Command schedules military and commercial airlift capabilities over specific routes in sufficient quantities to satisfy those forecast requirements. However, fluctuations in generation of traffic result in some of these capabilities not being utilized for space required traffic due to non-generation. This capability is therefore made available for space available travelers. DoD would incur the same transportation costs whether or not space available travelers were permitted to move in this otherwise unused space. No airlift capability, either military or commercial, is scheduled to operate over MAC channel route structures for the purpose of providing space-available transportation.

The DoD will study the suggestions that retired military personnel should be denied access to space available transportation and the suggestion that those personnel provided such transportation be required to pay a pro-rata share of the cost of that transportation. However, it is respectfully requested that Congress not reduce funds requested for transportation of urgently required second destination cargo as a means of curtailing space available movement of passengers.

AMOUNTS FOR EMERGENCIES AND EXTRAORDINARY EXPENSES

House Bill

The appropriation language in the House Bill for "Operation and maintenance, Army" includes the following: "... Provided, That of the total amount of this appropriation, not to exceed $3,069,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Army, and payment may be made on his certificate of necessity for confidential military purposes ..." For many years, this clause has followed the word "purposes" in this appropriation language: "... and his determination shall be final and conclusive upon the accounting officers of the Government ..." This clause has been deleted from this appropriation language in the FY 1974 House Bill. A similar deletion has been made for "Operation and maintenance, Navy;" "Operation and maintenance, Air Force;" and "Operation and maintenance, Defense Agencies."

Department of Defense Position

It is requested that the clause "... and his determination shall be final and conclusive upon the accounting officers of the Government ..." be included in the language for the four appropriations named above.

JUSTIFICATION

Deleting the clause, as in the House Bill, would remove what is, in effect, a statutory bar to audit by the General Accounting Office. There is a danger that any such examination could be damaging to current and future intelligence operations, involving sources and methods of clandestine collection. Such an audit, if it were to be an audit of substance, could involve high risks in the following areas:

1. Disclosure of undercover agents' locations and extent of the program could endanger the lives of such agents, in addition to otherwise damaging the program.

2. Disclosure of sources and methods of procurement of foreign military materials would eliminate future opportunities.

3. Disclosure of third party (country) participation would dry up sources of information, and could be damaging in a diplomatic sense.

While the auditors to be involved would presumably be limited in number and subject to thorough screening, there is an unavoidable risk in any increase in the numbers of people who are cognizant of such operations. The systematic gathering, assembly and storage of data -- inherent in any audit -- poses risks. So do sample checks in any depth. Reports on audit findings would pose further problems.

This is an area concerning which other governments make every effort to learn of U.S. activities, from whatever source. The area is highly risky and sensitive. Lives and careers are at stake. The mere knowledge that the area was to be subject to audit by an additional agency could itself dry up some sources of information. Under safeguards which are appropriate to the sensitive areas concerned, these expenses are fully audited by internal auditors of the DoD.

The total amount involved for emergencies and extraordinary expenses for FY 1974 is $15.1 million for the four appropriations combined. Of this, $13 million is for confidential military purposes and $2.1 million is for representation expenses.

Considering all the circumstances, we must urge that the indicated clause be included in the language for the appropriations named above.

AIRCRAFT PROCUREMENT, ARMY

(Thousands of Dollars)

FY 74 Estimate, as Amended	$ 181,000
House Appropriation Adjustments	-41,600
House Bill	$ 139,400
Restoration Requested	0
	$ 139,400

Requested for Reconsideration:

(Thousands of Dollars)

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DoD Request
U-X/CX-X Aircraft	$ 12,200	0	0	$ 0
Spares and Repair Parts	800	0	0	0
OH-58 Helicopter (KIOWA)	100	0	0	0
AN/TSQ-97 Manpack Visual Facility	2,100	0	0	0
FY 74 Free Assets	-	-5,000	0	-5,000
Transfer of Previous Year Balances	-	-21,400	0	-21,400
All Other	165,800	165,800	0	165,800
	$ 181,000	$ 139,400	$ 0	$ 139,400

JUSTIFICATION

U-X/CX-X Aircraft. The Army accepts the fact that no funds for procurement of U-X utility aircraft in FY 1974 were provided in Department of Defense Appropriation Authorization Act, 1974 (PL 93-155, 16 November 1973). Based upon guidance in this document, the Army is now planning, as the DoD executive agent, to jointly procure 20 utility aircraft for the Army and 14 utility aircraft for the Air Force with FY 73 funds. Bid proposals will be limited to turboprop aircraft that will satisfy the needs of both services.

This approach conflicts with direction in the DoD Appropriation Bill, FY 1974 (House Report) in which the committee directs that aircraft procured with FY 1973 funds may be powered either by turboprop or turbofan engines to insure maximum competition.

The Army, if directed by Congress, can accommodate either plan; limit to turboprop only or include turbofan aircraft. However, resolution of the conflicting position between the Authorization Act and the Appropriation Bill is necessary before the Army can proceed with procurement. A decision is required to allow procurement of these aircraft for which there is an immediate requirement.

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MISSILE PROCUREMENT, ARMY

(Thousands of Dollars)

FY 1974 Estimate, as amended	$ 569,500
House Appropriation Adjustment	- 54,900
House Bill	$ 514,600
Restoration Requested	+ 10,500
Current DoD Request	$ 525,100

Requested for Reconsideration:

(Thousands of Dollars)

	Budget Request As Amended	House Bill	Restoration Requested	Current DoD Request
AN/TSQ-73	$ 10,500	$ 0	$ + 10,500	$ 10,500
PERSHING	53,800	49,300	0	49,300
DRAGON	68,500	60,600	0	60,600
FY74 Free Assets	-	-10,000	0	-10,000
Transfer of Prior Year Balances	-	22,000	0	-22,000
All Other	436,700	436,700	0	436,700
TOTAL	$569,500	$514,600	$ + 10,500	$525,100

JUSTIFICATION

AN/TSQ-73. The AN/TSQ-73 reduction recommended by the House Appropriations Committee in its report would deny requested funding authority of $10.5 million to procure one pre-production prototype and four production systems because: "There are six major hardware and seven major software deficiencies which were discovered in tests of two developmental units. At the time of our hearing, these deficiencies had not been corrected. For the foregoing reasons, the Committee believes the fiscal year 1974 request for four production units is premature. The Committee has provided $1.8 million in the Army's FY 1974 Research, Development, Test and Evaluation (RDTE) budget to buy the pre-production prototype for testing beginning in August 1974."

The Army has no knowledge of any major hardware or software deficiencies in the two developed prototypes. Major hardware or software deficiencies would have prevented Developmental Testing/Operational Testing II (DT/OT II) of the AN/TSQ-73 which began in September 1973 and is scheduled to be completed in May 1974. During the initial two months of DT/OT II testing, the AN/TSQ-73 successfully met all test objectives and results indicate successful system design and performance with no major hardware or software deficiencies. Testing is continuing and by March 1974, sufficient data will be available on which to base a procurement decision. DT/OT II testing remaining to be completed beyond March 1974 is for tests such as road march/bump testing, Chemical Biological Radiological (CBR) testing and additional communications testing which will have no significant impact on the Limited Procurement decision.

Denial of FY74 funds will, in fact, result in termination of the procurement phase of the AN/TSQ-73 program for FY74 and require a new start in FY75. The consequences of this action are several and severe:

a. The FY74 request for $10.5 million includes funds required for engineering support, documentation, quality assurance, and tooling and test equipment necessary to establish a production base capability plus funds required to procure a pre-production model and four Low Rate Initial Production (LRIP) models. Notwithstanding denial of funds for the four LRIP systems, and transferring $1.8 million to RDTE for the pre-production model, $5.3 million is required in FY74 procurement funds to continue a minimum level of effort within the project to develop a production capability. Funds are necessary for management effort, engineering, documentation, quality assurance, and tooling to build the base necessary to initiate procurement production. These funds have not been programmed in the FY74 RDTE budget and are rightfully an expense under the procurement appropriation.

b. The $1.8 million increase in the FY74 RDTE budget to procure the pre-production prototype is not considered appropriate. This system is a procurement item not related to R&D efforts and will be utilized in the Developmental Testing/Operational Testing III (DT/OT III), a procurement expense. DT/OT III testing verifies that a system meets Government specifications and is ready to enter into full production. Upon completion of DT/OT III tests, current plans call for this system to be refurbished and placed in the active Army inventory as one of the total 30 systems the Army plans to procure to meet tactical operational requirements. The Army believes that procurement of the pre-production model is a valid procurement requirement and recommends that funding for this item remain in the FY74 procurement budget.

c. The Government will not be able to exercise production options in accordance with existing contractual arrangements and will consequently lose rights to options incorporating most favorable production ceiling prices which have been competitively negotiated. If termination occurs and the Government's favorable options are lost, an increase in production prices can be expected, since a new contract will have to be negotiated.

d. A minimum of 16 months delay in the Initial Operating Capability (IOC) date for the AN/TSQ-73 will occur. This delay will adversely impact on planning and programming to develop and field the AN/TSQ-73 in support of the Improved HAWK missile system. A delay in the AN/TSQ-73 IOC would cause the Improved HAWK system to continue operating in a degraded mode with the obsolete AN/MSG-4 system which the AN/TSQ-73 will replace.

Based on the foregoing, the Army recommends restoration of $10.5 million in FY74 for continuation of the AN/TSQ-73 program including procurement of one pre-production system and four LRIP systems.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

	(Thousands of Dollars)
FY 1974 Estimate, as Amended	$238,000
House Appropriation Adjustment	-13,700
House Bill	$224,300
Restoration Requested	+ 7,000
Current DoD Request	$231,300

Requested for Reconsideration:

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DOD Request
	(Thousands of Dollars)			
M30A1 Tank Turret Trainer	$ 5,300	$ 0	$+5,300	$ 5,300
Special Lighting Kits	1,700	0	0	0
M60 Series Tank Mod	13,800	12,100	+1,700	13,800
FY 74 Free Assets	-	-5,000	0	-5,000
All Other	217,200	217,200	0	217,200
TOTAL	$238,000	$224,300	$+7,000	$231,300

JUSTIFICATION

M30A1 Tank Turrent Trainer. The FY 1974 President's Budget contained a request for $5.3 million for the procurement of 34 turret trainers. The House and Senate Armed Services Committees approved the Army's request and included it in their authorization legislation. The House Appropriations Committee believes that these tank turret trainers at the stated cost are neither justified nor cost-effective and recommends that the $5.3 million be denied.

The Army appeals the House Appropriation Committee's recommendation to delete the turret trainer from the FY 1974 Budget request. The use of trainers and mockups has been internationally recognized for more than three decades by both industry and the services as the way to efficiently and effectively perform critical functional training rather than depreciating an expensive piece of operational equipment solely for that purpose. The use of an actual tank turret for instruction is not conducive to student learning because the walls are not cut out and training is limited to only the two students that can fit inside the turret with the instructor. The turret trainer has cut out walls with

a platform which allows two students to train with the instructor while up to six additional students can simultaneously observe and participate in the instruction.

The Army procured 14 M60 Tank turret trainers during the early 1960's to correspond to the introduction of the M60 Tank. These trainers have been used for training since this time but as the M60 Series tank inventory increased the small quantity of trainers procured could not keep pace with training requirements. As an interim measure, because of the shortage of trainers, it became necessary to disassemble operational tanks to satisfy training requirements. This interim measure was devised to preclude the use of two tanks or the frequent movement of one vehicle and in this respect, did result in a three year savings of over $485,000 in tank operational costs. However, this is not acceptable in the long term from either a training or cost effectiveness viewpoint.

The Army conducted a cost analysis comparison of turret trainers versus tanks for the M60A1(PI) training programs. It determined that when the investment and operating costs of turret trainers versus tanks were compared over a ten year period, that the turret trainers saved $8.1 million and actually paid for themselves in about six years. The $8.1 million savings is actually a conservative estimate because the M60 Series tank will be in the inventory for the foreseeable future (through the year 2000) and the savings will be realized over a greater period than ten years.

The Army does not favor disassembling tanks because it renders a $308,900 tank unserviceable and tanks disassembled in this manner cannot be used for any other purpose. In addition, it deviates from the Army's long established and recognized method of instruction using a turret trainer device to train eight students simultaneously rather than just two with the obvious inefficiencies.

In the event the turret trainers are denied the Army standard assets would have to be diverted from the Active Army inventory to the training centers for training on the M60A3 Tank. This would delay the modernization of both NATO Forces and the Reserve Components.

If the Army's appeal for retention of the turret trainers is not favorably considered, the Army will terminate its contract for turret trainers. If this is accomplished by 30 December 1973, it is estimated that $4.7 million can be released on budget line #5 ($5.3 million procurement cost, less $0.6 million termination cost). The fixed cost production contract negotiated with Chrysler included the 34 Army and 6 Marine turret trainers. This was done to obtain the most leverage with the contractor during negotiations and to obtain the lowest procurement cost. Had the Army realized that the turret trainer was destined to become a budget issue, it would have negotiated a separate contract. Unfortunately, we did not foresee this eventuality and as a result, had to award the fixed price contract to Chrysler on 30 October 1973 to preserve the economies realized on Army and Marine Corps tank procurement. However, all measures to minimize expenditures and maximize cost avoidance short of jeopardizing the fixed price tank assembly contract were implemented. The $0.6 million termination cost, which otherwise would have been higher, reflects the result of these efforts.

The Army believes the most prudent and cost effective course of action is to reinstate the FY 1974 turret trainer procurement. This will enable the Army to obtain the most efficient and economical turret training device and to continue with its current effective method of training tank crews and maintenance personnel.

M60 Series Tank Modification. The FY 1974 DOD Budget Request contains $13.8 million for modification hardware and engineering of product improvements for the M60 Series tank family. The House Appropriation Committee recommends that $1.7 million of the request be transferred to the Army RDT&E appropriation, citing that the engineering for which the funds are requested is more appropriate to RDT&E funding. The requested funds are for engineering/testing of an improved reliability engine and and improved electrical system, and for engineering of related technical publications. DOD policy and guidance, as implemented by the Army, supports the use of procurement funding for such modification engineering. The current Army implementing regulation is definitive in its criteria of whether the funding of product improvement efforts should be procurement or RDT&E. Specific criteria are established for determining the nature of proposed changes and thereby determining the proper funding source.

Configuration changes made to an item subsequent to initial production to correct known deficiencies to the basic materiel development document, or to increase the current performance envelope by enlarging the capabilities of an item (currently in production or in operational inventory) beyond those specified in the original performance criteria, are defined as developmental in nature. Actions required to redesign, develop, engineer, test, and evaluate product improvements which are developmental in nature are financed by RDT&E. Such actions required for production improvements which are not developmental in nature but are needed to improve availability, reliability, maintainability, or safety or to reduce production or logistic support costs are financed by the procurement appropriations for items currently in or scheduled for production or by O&M for items no longer in production but still in operational inventory.

The improved reliability engine and electrical system, for which FY 1974 funds are being requested for related engineering, are not developmental in nature, but rather are being sought to improve availability, reliability, and maintainability. The items do not increase the performance of the end item. The improved engine is simply the current engine modified by the replacement of 16 high-mortality parts. The rated horsepower of the engine is not increased. Further, the improved electrical system does not change the end item tank's characteristic capability envelope. In view of these facts the $1.7 million, as requested for engineering related to these items, is considered to be a proper investment expense and should be funded by the Procurement Appropriation. Therefore, reinstatement of the $1.7 million is requested.

PROCUREMENT OF AMMUNITION, ARMY

(Thousands of Dollars)

FY 1974 Estimate, as amended	$ 1,138,900
House Appropriation Adjustments	- 207,600
House Bill	$ 931,300
Restoration Requested	+ 115,100
Current DOD Request	$ 1,046,400

Requested for Reconsideration:

(Thousands of Dollars)

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DOD Request
4.2 Inch HE Cartridge	$ 25,700	$ 13,600	$ 0	$ 13,600
4.2 Inch Illuminating Cartridge	9,300	600	0	600
105mm Illuminating Cartridge	10,800	0	0	0
4.2 Inch Mortar Proximity Fuze	29,800	0	+29,800	29,800
Production Base Support	239,600	149,500	+85,300	234,800
FY 1974 Free Assets	-	-10,000	0	-10,000
Transfer of Prior Year Balances	-	-46,100	0	-46,100
All Other	823,700	823,700	0	823,700
Total	$1,138,900	$931,300	$+115,100	$1,046,400

JUSTIFICATION

4.2 Inch Mortar Proximity Fuze. This fuze is designed for use with the current artillery weapons (105mm Howitzer, 155mm Howitzer, 175mm Gun, and the 8 inch Howitzer) as well as the 4.2 inch mortar. The majority of the fuzes are used with the artillery weapons. The denial of the use of $29,800,000 in procurement funds for development and testing of this fuze was based on reliability and premature burst problems, and the test completion date of December 1974. DOD requests reconsideration of the denial of the funds required for procurement of the proximity fuze.

At the time of the HAC hearings in September 1973, it was planned to type classify this new universal fuze for use with artillery and 4.2 inch mortar as Limited Procurement. This limited type classification was scheduled for December 1973 and would have enabled the Army to procure only a sufficient quantity of fuzes to support additional testing. Upon completion of the test program as it was then forecasted, the fuze was scheduled for type classification standard during December 1974 (fiscal year 1975). However, since September 1973 the test program has been successfully accelerated and eleven hundred proximity fuzes have been test fired without a malfunction. A balance of only ninety-six fuzes remain to be tested with completion scheduled on December 6, 1973. Upon completion of the test firings, an In-Process Review (IPR) will be held during week of December 17, 1973. The success encountered thus far in the current test program will allow full qualification for type classification standard prior to January 1, 1974. Procurement of the fuze is planned immediately following type classification.

There are no proximity fuzes being produced at the present time. The standard fuze, now in the inventory, has not been procured since 1970, and cannot be used at maximum range with the 105mm Howitzer. The current asset position is sufficient to meet only 20 per cent of anticipated world-wide requirements. Failure to procure the new fuze will result in further degradation of the readiness posture. If the new proximity fuze is not type classified standard and cannot be procured for service use, then it will be necessary to produce the old proximity fuze in order to improve our readiness posture. Therefore, the funds should be restored.

Production Base Support. Ammunition Plant Modernization for Continuous Nitrocellulose Facilities at:

Project 5742028 - Badger Army Ammunition Plant
Project 5742390 - Sunflower Army Ammunition Plant
Project 5742665 - Radford Army Ammunition Plant

was deleted from the request because of the reported impending development of a technologically superior process using magnesium nitrate in the manufacture of nitrocellulose. This process, although it may be an ultimate improvement in the state of the art, enjoys less probability of early success than originally perceived. Accordingly, request that the full amount of $23,500,000 be restored.

Nitrocellulose is the basic material for propellants used in all cannon fired ammunition and these projects constitute an important part of the overall program to modernize the Army's outdated production base. The requested projects will use proven processes and will modernize deteriorated and obsolete batch nitrocellulose producing facilities dating to WWII. They will also conform to EPA and Health Act (OSHA) standards. Upon their completion in January 1976, only 46% of the Army's nitrocellulose mobilization requirements would be supported by modernized facilities. It is, therefore, essential that that capability be developed at the earliest possible date to support mobilization industrial readiness.

The Manufacturing Methods and Technology (MM&T) project to develop the magnesium nitrate method of nitrating cellulose has been reassessed. The current estimates are for completion of this project in mid-fiscal year 1976, a slippage of about six months since the September estimates. This slippage has been caused by difficulties in negotiating an acceptable contract for a key element of the MM&T pilot facility. Considering the time involved in converting the finalized pilot plant information into a firm facility design, fiscal year 1978 would be the first year in which the Army could propose a magnesium nitrate nitrocellulose nitration project. The current position regarding this new process is that, due to its unproven, new state of the art process, it would be appropriate to defer modernization of follow-on magnesium nitrate projects until after the completion and run-in of the first project. This would delay funding of the second and third projects until fiscal year 1981, with a completion of fiscal year 1983. Because of this delay and current escalation indices, we believe that it is cost effective to complete the nitrocellulose modernization projects and convert to the magnesium nitrate process should it prove to be superior.

The proposed projects eliminate all pollution except for liquid waste effluent which is to be corrected by separate waste treatment facilities. The liquid waste effluent at Radford is being corrected by a funded fiscal year 1973 project which is sized to handle three modern continuous nitrocellulose facilities, two of which have been funded in prior fiscal years. Deferral of the fiscal year 1974 Radford project would cause the Army to be in violation of pollution laws if the old batch facility had to be operated as the waste treatment facility would be inadequate because of the greater amount of sulphuric acid loss from the old facilities.

Summarizing, a thorough technical evaluation and a fiscal analysis of the tangible improvements of the fiscal year 1974 projects dictate their approval. The tentative advantages of the magnesium nitrate process, to include cost savings, remain to be proven by the operation of a pilot line. If and when it is proven, the existing modernized nitrocellulose facilities and all future projects can be economically converted to magnesium nitrate.

Project 5742622 at the Radford Army Ammunition Plant costing $61,800,000, was eliminated so that a similar project at Radford, funded in FY 71, could be fully tested. The requested project utilizes the latest proven technology to provide an essentially remote controlled operation with personnel required for input and output functions. The equipment items have been evaluated thoroughly by actual manufacture and evaluation of propellants during the course of an extensive Manufacturing Methods and Technology project. The process has been proven completely with a pilot facility and extensive experience has been gained from the first project. Thus the risk of any significant delay or engineering change to this project is considered to be low. Therefore, request restoration of the $61,800,000 project.

This project provides the Army's second continuous automated single base propellant production line. M1 single base propellant is used in 105mm, 155mm, and 8 inch Howitzers and constitutes 60% of all the propellant required by the Army.

The continuous process results in a reduction of 448 personnel, thus generating economic and readiness advantages as our ability to respond quickly to emergency production build-ups under mobilization is improved. The new facility eliminates all safety waivers in a process that has caused four fatalities in the last three years. It meets all Occupational Safety and Health Act standards, and in meeting all pollution standards, it corrects all water pollution deficiencies as well as eliminating 97% of ether and alcohol loss to atmosphere.

Deferral of this project until the first project has been completed and tested would delay completion until FY 77. This delay would result in a $12.8 million escalation at current projected rates.

Summarizing, technical analysis demonstrates that this is an extremely low risk project. Significant readiness and economic benefits argue for early completion of this project.

AIRCRAFT PROCUREMENT, NAVY

	(Thousands of Dollars)
FY 1974 Estimate, as amended	$2,927,500
House Appropriation Adjustments	-142,300
House Bill	$2,785,200
Restoration Requested	+9,800
Current DOD Request	$2,795,000

Requested for Reconsideration:

(Thousands of Dollars)

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DOD Request
A-6E Aircraft	$128,400	$127,200	$ 0	$127,200
EA-6B Aircraft	106,600	101,600	0	101,600
A-7E Aircraft	152,100	152,100	+5,700	157,800
F-14A Aircraft	594,500	584,900	0	584,900
P-3C Aircraft	126,500	126,200	0	126,200
E-2C Aircraft	141,000	134,400	0	134,400
Aircraft Modifications	295,400	287,900	+4,100	292,000
Aircraft Spares & Repair Parts	427,600	427,300	0	427,300
Transfer of prior yr. balances	-	-106,800	(9,500)*	-106,800
Free assets	-	-5,000	0	-5,000
All Other	955,400	955,400	0	955,400
TOTAL	$2,927,500	$2,785,200	$+9,800	$2,795,000

*Change to transfer from PAMN FY 72/74, vice from A-6E and E-2C PAMN FY 73/75 programs

JUSTIFICATION

A-7E - The Authorization Bill added a procurement of 24 A-7D aircraft in FY 1974 for the USAF.

The Navy request for 42 A-7E aircraft was concurrently decreased in the amount of $5.7 million in recognition of increasing the combined Navy/Air Force FY 1974 production of A-7 aircraft from 42 to 66.

The House Bill deletes Air Force procurement but does not restore Navy funds to compensate for the smaller production. In order to procure the planned quantity of 42 A-7E aircraft in FY 1974, it is essential that the $5.7 million deleted in the Authorization Bill be restored.

Aircraft Modifications - A-6 Aircraft. The FY 1974 request of $11.7 million was intended to finance aircraft provisions for retrofit of 8 A-6E aircraft to accept the CONDOR missile system ($4.2 million) and pods for control of the CONDOR missile ($7.5 million). While this effort will be compatible with TRAM, no components peculiar to TRAM were included. Therefore, the House Committee action which intended to delete A-6E TRAM effort is not understood. In our continuing review of the proposed FY 1974 increment of the A-6E CONDOR modification program, we find that we can rephase the effort enough to permit a reduction from $11.7 million to $8.3 million without significant disruption to the overall effort and we therefore request restoration of only $4.1 million.

Transfer of Prior Year Balances - The House Bill reduced the A-6E, P-3C and E-2C programs based upon savings in the fiscal year 1973 buys and anticipated savings in the fiscal year 1974 buy. These savings resulted from placing the airframe/contractor furnished equipment contracts with the prime contractor at a lower price than budgeted. Review of the FY 1973 programs afffected by the proposed reduction and transfer indicates that since the savings have been known for some time, these funds have been redirected to other high priority FY 1973 A6E and E2C requirements and are in fact not recoverable now. Therefore, it is requested that $9.5 million of the PAMN FY 73/75 recoupment, related to the A-6E ($6.0M) and E2C ($3.5M) be restored to those programs and, alternatively an additional $9.5 million recoupment be levied against the PAMN FY 72/74 appropriation.

WEAPONS PROCUREMENT, NAVY

(Thousands of Dollars)

FY 1974 Estimate, as amended	$ 933,400
House Appropriation Adjustment	-142,700
House Bill	$ 790,700
Restoration Requested	+82,000
Current DoD Request	$ 872,700

Requested for Reconsideration:

(Thousands of Dollars)

ITEM	Budget Request As Amended	House Bill	Restoration Requested	Current DoD Request
UGM-73A POSEIDON	$211,000	$205,000	$ 0	$205,000
AIM-7E/F SPARROW	38,500	25,900	0	25,900
AGM-84A HARPOON	16,000	0	+14,100	14,100
RGM-66D STANDARD SSM	7,700	4,300	+3,400	7,700
Aerial Targets	31,900	28,900	0	28,900
Other Missile Spares	13,000	12,300	+300	12,600
FLTSATCOM	90,800	26,600	+64,200	90,800
Torpedo MK-48	160,200	154,000	0	0
CAPTOR	11,600	0	0	0
Machine Gun MK-22	800	0	0	0
CIWS	13,000	0	0	0
Weapons under $500K	200	0	0	0
Free Assets	-	-5,000	0	-5,000
All Other	338,700	338,700	0	338,700
Total WPN NOA	$ 933,400	$ 790,700	$ +82,000	$872,700

JUSTIFICATION

HARPOON. The loss of long lead funding for HARPOON pilot line production will require a complete restructuring of the HARPOON program which will result in a delay of [illegible] months in fielding the system, overall program cost increases of $65 million or more and substantially more risk in evolving from engineering development missile manufacture to pilot line production. The rationale in the House Appropriations write up supporting the cut is addressed in the following:

a. A slip in engineering development is suggested. The program has not slipped and major milestones have been met on schedule and on cost.

b. "Only minimal tests have been conducted and they are far from encouraging..." The test program has been highly successful with comprehensive testing successfully completed on all missile sub-systems followed by nine fully guided missile firings by Navy personnel against ship targets. Six of those nine firings from both aircraft and ship launch platforms resulted in direct hits on the target.

c. "Research and development missiles will not begin deliveries for testing until December 1973." The first free flight test missiles were delivered to the Navy in August 1972 with the first fully guided missile successfully fired in December 1972. The second generation prototype missiles will be delivered commencing in February 1974 for IOT&E firings commencing in March 1974.

d. "There is almost $130M worth of development effort required on this missile in the next three years." About 90% of the missile development engineering has been completed and the prototype design is firm at this time. Approximately $90M of a total of $240M in the basic missile system R&D effort remains to be spent. These funds are principally for prototype missiles and fire control system hardware and for testing.

e. "There is no reason to accelerate the program..." The HARPOON program schedule has not changed during the past three years; it is not being accelerated but rather, carried out as planned.

f. "STANDARD (Active) could be ready for deployment three years before HARPOON under the current schedule." Both HARPOON and Active STANDARD are scheduled for initial deployment about [redacted]

The HARPOON program is one of the first Navy development projects to follow the intent of DOD INSTR 5000.1 with achievement milestones keyed to initiation of all major expenditures. The program plan and progress has been reviewed frequently and in depth as follows:

a. Acquisition approach approved by the CNO March 1970 and endorsed by DDR&E.

b. The acquisition plan was approved by DSARC I in Nov 1970.

c. Missile development contract and options were reviewed and approved by DEPSECDEF and DSARC principals in June 1971.

d. The program was presented to the Congress annually during budget hearings for FY's 71, 72, 73 and 74. No change in the plan was indicated and no basic change has been made.

e. All major milestones have been met on time and within budget projections.

f. The last DSARC review (DSARC IIa) in May 1973 approved continuation of the program as planned noting that "In review of nearly 50 development programs which are within the DSARC process, the HARPOON program is one of the most soundly organized and well managed programs that the DSARC has reviewed."

In summary, the HARPOON system is needed on an urgent basis to overcome significant deficiencies in the Navy's ability to attack ship targets at sea. This effort will provide these capabilities for ship, aircraft and submarine launch platforms. The program is very well structured and proceeding with great success. The deletion in FY-74 WPN funding will cause a break in continuity of missile manufacture of more than [redacted] a similar pause in testing, loss of manufacturing and test personnel continuity, delay in achieving these much needed weapon system capabilities

and major cost increases. It is strongly recommended that the $14.1M HARPOON FY-74 funding be appropriated.

STANDARD SSM. The 58 STANDARD ARM Missiles (RGM-66B) in the FY-74 WPN budget are for the approved 12 DDG/DEG Program and the 2 PG's already deployed [ ] missiles each). The Navy plans to put [ ] of these missiles in each of the twelve DDG/DEG ship magazines, [ ] in each PG, and have the [ ] remaining missiles for support and proofing of the systems. Six are required for OTE proofing in [Deleted]]

The proposed cut in the FY-1974 procurement will severly limit the Navy's ability to provide an over-the-horizon, surface-to-surface anti-radiation missile capability. The urgency of the program has been reaffirmed in a recent OSD review of the program, as well as by the recent (1973) Mid-East war in which surface-to-surface missiles were the primary weapons utilized in the naval engagements.

The rationale in the House Appropriations write-up supporting the cut is as follows: "These missiles were to be installed in 29 DDG/DEG ships. Subsequent to our hearings, the Committee was notified that only 12 ships would receive this missile".

The Navy planning originally called for procurement of 148 ARM missiles for the 39 ship program. The DSARC decision 2A of 9 October 1973 authorized procurement of 58 missiles for these 12 ships, with contingency planning for the additional 25 ships to be decided at a DSARC 2B about November 1974.

Procurement has been initiated for long lead parts for 58 ARM fuze, warhead and rocket motor sections.

A contract is ready now for procurement of 58 ARM guidance, autopilot, battery and airframe sections, as a option to the Air Launched ARM procurement.

These sections are currently scheduled for assembly and checkout in order to meet a [ ] IOC for these 12 ships.

Reduction of these funds as proposed will cause:

a. Delay of IOC from [ ] to not earlier than [Deleted]] while repricing guidance, autopilot, battery and airframe procurement.

b. Repricing of lesser procurement of ARM missiles with significantly higher unit cost (about 30%)

c. A disproportionate reduction in the number of missiles (about [ ] that could be procured due to lower quantities and initial procurement economy of scale.

d. A disproportionate amount of spare parts if the initial spares funding is not restored with the 58 missiles.

In summary, this reduction will delay the IOC date for STANDARD ARM and result in increased unit cost and fewer missiles delivered.

Other Missile Spares and Repair Parts. If the appeal on the STANDARD SSM program is allowed, restoration of $.3 million is requested.

Fleet Satellite Communications System. Restoration of $64.2 million of FY 1974 WPN is requested to fund five FLTSATCOM spacecraft to meet a late CY 1975 operational capability. A total of $5.4million has been obligated against the procurement of initial long-lead material. Termination liability is $3.4 million through December 1, 1973.

The Committee recommends denial of all FY-74 Spacecraft procurement funds noting Navy's interim plan for leasing COMSAT circuits and prematurity of funding for a production contract award in early FY-75.

The Committees recommendation would result in a 13 month delay in achieving the FLTSATCOM Operational capability. This capability cannot be achieved through leasing COMSAT circuits since they provide only an interim capability without satisfying Navy tactical or DoD (USAF and WWMCCS) requirements for coverage, anti-jam protection, survivability or capacity. Furthermore, delay of FLTSATCOM will lengthen this interim lease period with associated increases in cost.

SHIPBUILDING AND CONVERSION, NAVY

(Thousands of Dollars)

FY1974 Estimate, as amended	$3,754,100
House Appropriation Adjustments	- 300,300
House Bill	$3,453,800
Restoration/Deletion Requested	+ 35,600
Current DOD Request	$3,489,400

Requested for Reconsideration:

(Thousands of Dollars)

Item	Budget Request As Amended	House Bill	Restoration or Deletion Requested	Current DOD Request
SSBN Outfitting	$ 3,800	$ 3,700	$ -0-	$ 3,700
SSBN Adv. Proc.	27,400	13,800	-0-	13,800
TRIDENT Adv. Proc.	281,000	41,000	-0-	41,000
SCS Sea Control Ship	29,300	-0-	+29,300	29,300
DLG Frigate Conversion	68,700	58,100	-0-	58,100
DLGN Adv. Proc.	-0-	79,000	-0-	79,000
PF Adv. Proc.	6,800	-0-	+ 6,300	6,300
Outfitting Costs	37,500	30,500	-0-	30,500
Prior Year Escalation	174,000	102,100	-0-	102,100
All Other	3,125,600	3,125,600	-0-	3,125,600
Total	$3,754,100	$3,453,800	$ +35,600	$3,489,400

JUSTIFICATION

SCS Sea Control Ship. The original DOD request was for $29.3 million for detailed design and for advance procurement of certain long lead-time material for a lead Sea Control Ship (SCS) to be proposed for full funding in fiscal year 1975. The House Bill would deny the entire $29.3 million without prejudice, claiming that "additional testing" was required, that optimum aircraft to be used aboard the lead ship would not be available when the ship delivered, and that the ship's "vulnerability" would reduce its unit effectiveness. The Committee also recommended that the Navy consider a larger, more effective and far more expensive aircraft carrier to employ S3A aircraft currently programmed for out-year procurement. DOD requests restoration of the full amount, $29.3 million, to allow for orderly and timely design and advance procurement actions on this vital program.

As demonstrated to the Committee in testimony before it earlier this year, extensive testing of the Sea Control Ship concept has been conducted over the past year in an Interim Sea Control Ship (ISCS), USS GUAM. The Committee was shown, graphically, that in all test areas the SCS system met or exceeded all pre-test criteria established for it, and have validated baseline requirements to the point where no further delay in the acquisition of this vitally-needed sea control asset is warranted. Equipment deficiencies uncovered and reported during the intensive tests just completed will be corrected and incorporated into the ship and/or aircraft and sensors, to enhance the already demonstrated ASW capabilities of the ship.

No air-capable ship delivers with its "optimum" aircraft on board, or even identified. During the useful life of the ship the air group composition will change, incrementally or completely, several times. The initial aircraft to be employed in the SCS, SH-3H ASW helicopters and AV-8A V/STOL's, are fleet assets, and were used in the ISCS tests mentioned above. The SCS is sized and designed to accommodate future improvements in helicopter and V/STOL aircraft. Definition of and justification for the first and sub-

sequent follow-on aircraft should be an orderly, parallel process and should not be a reason for delay in acquisition of the platform from which they will operate.

When "vulnerability" of the SCS is considered, it must be remembered that the ship is designed to operate in company with and complement other escort assets in protecting an escorted force in lower-threat areas. The SCS, by virtue of its deck-launched interceptor (the AV-8A) and its close-in anti-missile weapon system, possesses both a standoff and close-in self defensive capability. Additionally, it will benefit from the capabilities of its own escorts (destroyer escorts and patrol frigates), and its operational stationing inside the convoy will add further survivability. An SCS, with escorts, will be significantly more survivable than the military or mercantile shipping it will be protecting.

In view of the above, DOD requests restoration of the entire $29.3 million for detail design and advance procurement for the FY 1975 lead SCS. In this program, every attempt has been made to conform to the wishes of the Congress in acquiring effective, low-cost systems, applying extensive advanced concept test and evaluation, and instituting cost and design controls to be applied over the entire procurement program.

PF Patrol Frigate Advance Procurement. The original budget request was for $6.8 million for long-lead funding of two guided missile launchers for the first follow ships in the PF program. The House Bill would deny this funding on the basis that, even allowing an 18-month lead time for installation aboard ship prior to the ships delivery, procurement of long lead procurement in the fiscal year 1974 budget is not required. DOD requests restoration of $6.3 million to permit this essential procurement.

The production lead time for MK 13 guided missile launchers is 35 months. The launcher for the second PF is required dockside on or before March 1977. This schedule necessitates that the launcher commence construction not later than April 1974 which is only possible with fiscal year 1974 long lead funding. The second launcher must commence construction not later than June 1974 to meet its dockside delivery date. The 19-month period between launcher delivery and delivery of the ship permits 4 to 6 months to reassemble the launcher after shipment, 3 months to install the launcher in the ship, 2 months to complete test and check-out, and 8 months to complete construction and check-out of the remainder of the ship.

Marketplace factors leading to increased unit launcher costs, and an increase in production lead time (from 31 to 35 months), have led to a revision of launcher procurement methods. The launcher procurement approach has been realigned to provide for the purchase of long lead-time launcher components (items requiring 12 months or more to fabricate) one year in advance of the ships funding year and in the same quantities as the ships to be funded in the following year. This approach will permit reduction of the fiscal year 1974 requirement from $6.8 to $6.3 million and has the added advantage of further reducing the advance procurement requirement in each of the PF funding out-years. Denial of funding for advance procurement in fiscal year 1974 will mean additional delays in procurement of these long-lead times, with attendant significant increases in unit and program costs.

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OTHER PROCUREMENT, NAVY

(Thousands of Dollars)

FY 1974 Estimate, as amended	$ 1,393,800
House Appropriation Adjustments	132,800
House Bill	$ 1,261,000
Restoration Requested	+2,900
Current DoD Request	$ 1,263,900

Requested for Reconsideration:

(Thousands of Dollars)

ITEM	Budget Request As Amended	House Bill	Restoration Requested	Current DoD Request
Combatant Craft	$ 2,900	$ 0	$+2,900	$ 2,900
Beach Jumper Support	4,200	0	0	0
WARS	3,000	1,400	0	1,400
Fleet Command Support Ctrs.	2,500	0	0	0
SECT	900	0	0	0
Sonobuoy Support	5,300	0	0	0
Munitions	144,400	94,400	0	94,400
Anti-Ship Missile Device	3,400	2,200	0	2,200
Commercial Vehicles	2,000	0	0	0
MUSE	1,000	0	0	0
Device 14E23 AN/SQS-35 Sonar Trainer	1,200	0	0	0
Transfer of Prior Year Bals.	-	- 45,000	0	- 45,000
Free Assets	-	- 15,000	0	- 15,000
All Other	1,223,000	1,223,000	0	1,223,000
Total	$1,393,800	$1,261,000	$+2,900	$1,263,900

JUSTIFICATION

Ships Support Equipment, Combatant Craft. The 65ft Patrol Boat purchases are for a continuing program to maintain a Naval Inshore Warfare capability. The Appropriations Committee Report stated that, "The Navy advised the Committee that the fiscal year 1974 buy will be obtained under sole-source procurement, and the balance will be awarded on the basis of competitive procurement". The FY 74 purchases will be a fixed price advertised small business set-aside procurement as will be out year procurements to fill the U.S. Navy requirements. The six 65ft patrol boats in the FY 74 OPN budget are for an approved 24 boat program to fill fleet requirements

for Naval Inshore Warfare craft. There are presently 155 boats in the Coastal River Squadrons/Divisions, and of these, 82 are combat craft, the remainder being the various utility boats and landing craft that are required to provide fleet boat service support. Of the 83 combatant craft, only five are of the coastal patrol type, the bulk of the remainder being river patrol and assault craft. These five coastal patrol craft are rapidly declining towards the point where it will be impracticable to retain them in service.

It is noteworthy that the Coast Guard has responsibility for Port Security in peace and war, but that responsibility for harbor/port protection in the inshore area rests with the Navy. In time of conflict the Coast Guard is tasked to provide the Navy with [redacted] WMEC (medium endurance cutters) and [redacted] WPB (patrol craft). Together with the 5 Navy coastal patrol craft the Navy can provide [redacted] patrol craft to each of its major port requirements. This is inadequate, not only in total numbers, but also in the fact that all of these craft are deteriorating with age. The immediate and urgent requirement is to attain a port readiness of [redacted] craft per major port and in mid-range increase this to [redacted] craft.

In summary: The 65ft patrol boat procurement plan is for a total of 24 boats and will be conducted on an advertised competitive bid basis, and is vitally needed to fill a required capability in the Naval Inshore Warfare area.

PROCUREMENT, MARINE CORPS

	(Thousands of Dollars)
FY 1974 Estimate, as amended	$ 180,000
House Appropriation Adjustments	-6,068
House Bill	$ 173,932
Restoration Requested	+1,000
Current DOD Request	$ 174,932

Requested for Reconsideration:

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DOD Request
	(Thousands of Dollars)			
M30A1 Tank Turret Trainers	$ 1,000	$ 0	$ +1,000	$ 1,000
Commercial Passenger Vehicles	68	0	0	0
Transfer of Prior Year Balances	-	-5,000	0	-5,000
All Other	$178,932	$178,932	0	$178,932
Total	$180,000	$173,932	$ +1,000	$174,932

JUSTIFICATION

M30A1 Tank Turret Trainer. The $1.0 million contained in the Special Training Device line included $0.9 million for the M30A1 Tank Turret Trainer and $0.1 million for EC-2 Simulator Programs and Animated Transparencies for the M60A1 Tank which are not a part of the Turret Trainer and were inadvertently deleted as a result of the House Appropriation Adjustment. It is requested that these two programs be reinstated regardless of the action taken on this appeal concerning the Tank Turret Trainer. It should be noted, $600 thousand of the Turret program has already been obligated by the Army in accordance with their procurement plan.

The Tank Turret Trainer for the Marine Corps will be a vital cog in the training of all Marine Tankers. Currently, the Marine Corps possesses no M60A1 Tanks to disassemble for training nor will it have sufficient assets in its final inventory after modernization to allow combat vehicles to be disassembled and dedicated for use as training exhibits.

The use of an actual tank turret for instruction is not conducive to student learning because the walls are not cut out and training is limited to only the two students who can fit inside the turret with the instructor. The turret trainer has cut out walls with a platform which allows two students to train with the instructor while up to six additional students can simultaneously observe and participate in the instruction.

Additionally, the Marine Corps believes it will not be cost-effective for the Marine Corps to use combat vehicles to conduct Turret and Maintenance training as the intensive use during training will cause needless expenditure of monies and manhours necessary to maintain this equipment in safe operable condition, whereas the Turret Trainers will not require the intensive maintenance support required for a combat vehicle to maintain it safe and operable.

AIRCRAFT PROCUREMENT, AIR FORCE

(Thousands of Dollars)

FY 1974 Estimate, as amended	$2,906,800
House Appropriation Adjustments	-213,000
House Bill	$2,693,800
Restoration Requested	+155,100
Current DoD Request	$2,848,900

Requested for Reconsideration:

(Thousands of Dollars)

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DoD Request
E-3A(AWACS)	$ 11,700	$ 0	$+11,700	$ 11,700
A-7D	0	0	0	0
A-10	30,000	0	0	0
F-5A	69,300	69,300	0	69,300
Financial Adjustment	-	-41,000	+41,000	0
F/TF-15	801,900	764,000	+37,900	801,900
F-111	0	151,600	0	151,600
E-4A(AABNCP)	32,300	0	+32,300	32,300
UH-1H	96,700	56,500	0	56,500
CX-X	9,600	0	0	0
Mods	527,700	475,600	0	475,600
Spares	(579,500)	(573,700)	(+3,700)	(577,400)
Initial	199,900	194,100	+3,700	197,800
Replenishment	379,600	379,600	0	379,600
Common AGE	82,000	76,500	0	76,500
Comp. Impr.	25,900	-2,600	+28,500	25,900
Transfer of Prior Year Balances	-	-54,000	0	-54,000
FY 1974 Free Assets	-	-16,000	0	-16,000
All Other	640,200	640,200	0	640,200
Total	$2,906,800	$2,693,800	$+155,100	$2,848,900

JUSTIFICATION

E-3A Airborne Warning and Control System (AWACS). The House disapproved the request for $11.7 million for advance procurement funding of AWACS. This action was based on three beliefs: (1) the $42 million reduction in the FY 74 RDT&E budget deferred critical development and test efforts; (2) the DSARC IIB decision had not been made; and (3) the application of advance procurement funds was a circumvention of the funding principles contained in DOD Directive 7200.4 dated October 30, 1969.

The AWACS program was reviewed by the Defense Systems Acquisition Review Council (DSARC) in December, 1972. Based on recommendations by the DSARC, the Secretary of Defense, in a memorandum dated January 19, 1973, directed the initiation of engineering development; a DSARC IIB to be held no later than September 29, 1973 to address whether the program should be continued, modified, or terminated in light of requirements and

alternatives; and that, where feasible, the Air Force should attempt to defer portions of the development program past September, 1973 if such deferrals would not significantly impact the Initial Operational Capability (IOC) or incur a cost penalty.

Accordingly, the AWACS schedule was adjusted and certain efforts which would not impact program cost and scheduled IOC were deferred past September, 1973. These deferrals did not impact total program cost, major development milestones, or the IOC, but did result in a reduction in FY 74 funding requirements.

Following the recommendations of DSARC IIB, on November 2, 1973, the Secretary of Defense authorized the Air Force: (1) to continue engineering development; (2) release FY 74 long lead time items for initial procurement after Congressional appropriation; and (3) plan for procurement of 12 aircraft per year beginning in FY 75 at a production rate of one per month.

Prior to the award of the AWACS contract in July, 1970, the program was restructured to minimize potential risk with the radar and inject to the degree possible the fly-before-buy concept. This concept had to be built around a program which would be using a proven airframe already in production. To insure production continuity, some funds have to be made available prior to full production decision. Delay of these items until the December, 1974 production decision would result in the termination of AWACS peculiar subcontracts and at least a one year break in the AWACS production line. The costs associated with requalifying contractors and restarting the AWACS production line would increase the total program by $120 to $180 million. By initiating the FY 74 advance buy, the associated cost increase is avoided and the aircraft will be delivered to the operational inventory one year earlier.

The AWACS program has decisively demonstrated its ability to perform according to specifications, maintain cost and schedule milestones through efficient management, and fulfill a mission of providing an autonomous command and control platform for early enemy airborne detection and effective control of defensive and offensive fighters, with further potential roles and growth available with minimum outlays.

The DOD Directive 7200.4 dated October 30, 1969 is being adhered to for the full funding of aircraft systems. Each weapon system which proposes the use of advance procurement funding is specifically identified and justified on its merits. The example used in the House Appropriations Committee report as not following the DOD Directive is AWACS. The following explanation relates to justifying advance procurement funds for AWACS.

DoD Directive 7200.4 states that, under the full funding policy outlined in the directive, "certain conditions permit the procurement of long lead components in advance of the fiscal year in which the related end item is to be procured." In addition, the directive states that long lead time procurement must be limited to those items whose lead times are significantly longer and whose costs are relatively low when compared to deferred end item costs. The lead times associated with those items identified as long lead in the contract are significantly longer than other component parts. The costs associated with these long lead items ($11.7 million for FY 74) are "relatively low" as compared with the deferred funding for follow-on production efforts($743 million). Even if the additional long lead funding costs of $39.0 million planned for FY 75 are considered, the costs of long lead commitments still do not represent a percentage of total program costs which would restrict future program decisions.

The fly-before-buy concept is the preferred method to procure aircraft. The fly-before-buy concept, however, creates a gap in the production line between the manufacturing of the RDT&E and the production

aircraft. It is uneconomical for DOD to cause subcontractor termination, thus precipitating production line start-up costs and requalification of hardware. Therefore, in the face of these economic realities, it is considered prudent to fund the AWACS program in accordance with the terms of the existing contract -- with full disclosure to the Congress.

Interest in the purchase of AWACS has been expressed by foreign countries. A one year delay and attendant program cost increases caused by the disapproval of FY 74 advance buy funds could have a detrimental effect on the foreign sales potential of AWACS.

It is requested that the advance buy of $11.7 million be approved.

Aircraft Procurement Financing. The House recommends financing of $2,722.8 million which is $41.0 million less than required for the program of $2,763.8 million. The difference is an apparent error in calculating the recommended FY 74 new obligational authority. Authorizing legislation provides for a total Aircraft Procurement program of $2,964.6 million. In addition, the conference report recommended that "41.0 million should be authorized for reimbursement of the MAP account but that new funding was not required." As a result of this action, the $41.0 million was not included in the total authorization provided for Aircraft Procurement in PL 93-155 dated November 16,1973.

The House Appropriations Committee report recommended a program of $2,763.8 million which does not include the $41.0 million reimbursement for the MAP account.

Combat Aircraft	$1,154,500
Airlift Aircraft	217,765
Trainer Aircraft	35
Other Aircraft	108,000
Aircraft Modifications	475,600
Aircraft Spares & Repair Parts	573,700
Aircraft Support Equipment & Facilities	234,200
TOTAL	$2,763,800

The committee report provides financing of the $2,763.8 million program as follows: ($ in thousands)

New Obligational Authority, 1974	$2,693,800
Unobligated Prior Year Balance	54,000
1974 Free Assets	16,000
TOTAL	$2,763,800

The financing of $2,763,800,000, however, specifically includes $41 million for reimbursement of the MAP account. As a result, the net financing available is deficient by $41 million and the Air Force is in the position of having an under-financed program. It is requested that the House Appropriations Committee recommended NOA of $2,693.8 million be increased by $41 million plus appropriate amounts for appeal items favorably considered. This revised NOA plus the $54 million approved for transfer to FY 74, and the $16 million of anticipated FY 74 free assets will finance the recommended program.

F/TF-15 Aircraft. The House reduced the quantity of aircraft to be procured by nine, from 77 to 68, and reduced funds by $41.6 million, from $918.5 million ($801.9 million for weapon system and $116.6 million for initial spares) to $876.9 million ($764.0 million for weapon system and $112.9 million for initial spares). This action is based on the Committee's belief that the Program Decision Memorandum (PDM) of August 31, 1973,

reflecting a slower buildup of the production rate, was due to a slippage in the engine program.

The PDM decision, provided a well balanced Air Force program consistent with the current objectives of the Department of Defense for FY 75 through FY 79. The PDM did not change the Air Force request of 77 aircraft in FY 74. It is emphasized that the reduced F-15 program reflected in the PDM did not result from any forecast slippage in the engine program. Conversely, the F-100 engine has successfully passed the most stringent 150 hour endurance test ever attempted by a jet fighter engine. Its present maturity far exceeds that of any other jet engine for a comparable point in its development/ production life. The aircraft and engine have flown more than 1,000 hours in the flight test program, which is more than half completed and ahead of schedule. As of October 31, 1973, eleven of twenty test aircraft have been delivered. The deficiencies which delayed the qualification of the F-100 engine have been corrected and no slippage is anticipated in the engine program.

The major impact of reducing the FY 74 buy to 68 aircraft would be a total program cost increase of about $83 million for 729 aircraft, assuming that the nine aircraft eliminated from the FY 74 buy would be added to the FY 80 buy. This results from the penalty paid in FY 74, the incremental cost to each following fiscal year procurement as a result of decreased learning experience and escalation. The FY 74 penalty is incurred as a result of pre-pricing contract options which increase unit costs if less than 77 aircraft are procured. The weapon system unit cost would increase by $.821 million from $10.414 million for 77 aircraft to $11.235 million for 68 aircraft. Funding for FY 74 would be reduced by $41.6 million ($37.9 million weapon system costs and $3.7 million for spares) predicated upon a follow-on buy of 72 aircraft in FY 75 as reflected in the PDM. A further impact of this reduction would be a slip in the full operational capability of about three months. It is acknowledged that the reduction in production rate from an FY 74 buy of 77 aircraft to an FY 75 buy of 72 aircraft is less than desirable. The rate problem is minor, however, when compared with disruption of the current contract for the first wing and increased total program costs.

Restoration of $41.6 million ($37.9 million weapon system, and $3.7 million initial spares) is requested.

E-4A Advanced Airborne National Command Post.(AABNCP). The FY 74 budget requested $32.3 million to procure and modify a third operational E-4A (747) interim National Emergency Airborne Command Post (NEACP) aircraft. The House has recommended that these funds be deleted and that an existing EC-135 be utilized as the number three aircraft. Reasons stated for the funds being deleted included: (1) the program costs have increased about $134 million; (2) the test bed aircraft appropriated last year is not in fabrication and not even on contract; (3) operational concepts are still being defined and there is a difference of opinion in this regard between the Air Force and Joint Chiefs of Staff; (4) automatic data processing (ADP) has been removed from the program at a savings of $73 million; (5) the aircraft was justified on the basis of having its own ADP so that it would not have to rely on ground command posts which would be lost in a first strike. In addition, the committee placed the Air Force on notice that no further 747 aircraft are to be budgeted until the command, control, and communications (C3) package has been thoroughly tested, along with the required electromagnetic pulse (EMP) tests, utilizing the test bed aircraft.

Subsequent to the FY 73 appropriation bill, the DOD performed an in-depth review of the AABNCP program. Based on the DOD review, the program was restructured to allow additional tests of the advanced command, control, communications equipment, the duration of the acquisition program was increased, and production of advanced command, control, and communications will not be initiated until initial operational test and

evaluation (IOT&E) has been successfully completed. In addition, initiation of the program was delayed eight months pending an FY 73 appropriations bill. The DOD recognized that the ADP required additional review and deleted on-board data processing from the initial Block I acquisition phase. It is anticipated that ADP would be added at a later date in Block II of the program. Block I, the initial acquisition phase, is estimated to cost $548.1 million. The $73 million referred to by the committee arises not only because of deletion of the ADP equipment, but also because other items, such as the reduction of super high frequency (SHF) satellite terminals from two to one and additional secure voice communications have also been deferred.

The two operational interim NEACP aircraft approved in FY 73 have been procured. The contract for these aircraft contained an option for a third interim NEACP. The Air Force exercised the contract option for the third aircraft, requested in FY 74, under the continuing resolution authority. The use of the continuing resolution authority was completely consistent with the provisions of the resolution and the intent of Congress as to on-going programs. All Congressional committees were appropriately notified in letters dated June 4, 1973 and July 19, 1973, and the June 30, 1973 Selected Acquisition Report (SAR) specifies that the contract option for the third interim aircraft was exercised in July, 1973.

There are no operational concepts left to be defined between the Air Force and Joint Chiefs of Staff concerning the approved Block I program. The only unresolved issue concerns the requirements for full-up ADP which will be considered as part of a future Block effort. Definition of the full-up ADP requirements and specifications are nearing completion at this time. The ADP system has not been eliminated, but only deferred until the technical approaches to achieving compatibility with the ground based World Wide Military Command and Control system have been better defined. In the interim, a remote terminal system will be installed in the AABNCP which will be tied directly to the ground based data processors by a communications link. This will provide ADP support to the airborne battle staff as long as the ground is functioning and connectivity exists. The remote terminal will provide a significant improvement over the present manual information gathering procedures used in the EC-135s. The remote terminal will provide information updating and computer access which are available to user of ground terminals.

The interim NEACP phase will provide critically needed operational improvements, including increased space and additional battle staff positions. The interim phase will permit the battle staff to develop and test operational procedures and concepts which will influence the design of the advanced system. The interim phase will also provide increased aircraft performance such as greater unrefueled time on station and the ability to operate from deployment airfields with shorter runways. Approximately 90% of the money spent during the interim phase will be directly applicable to the advanced phase. If procurement of the number three aircraft is cancelled and reinstatement delayed until after completion of the C3 development effort, its cost will be significantly increased because of inflation and termination costs.

Much of the engineering and design work accomplished for the interim phase will also be used for the advanced program. The only major expense for the interim program that is not under contract is the option for modification of the third aircraft and transfer of existing EC-135 equipment. The cost of this option is approximately $4.9 million. However, it should be noted that the majority of this $4.9 million is for modification of the aircraft, an expense that will have to be met either now or later in the program at greater cost.

It would be very inefficient and difficult to perform the NEACP mission with two 747s and one EC-135 aircraft. Such a mixed force would necessitate the Air Force establishing and maintaining essentially two

operations to support one mission. Aircrew and support personnel would either have to be dual qualified, a practice which the Air Force does not advocate for efficiency and safety reasons, or personnel would have to be provided for both types of aircraft. Dual qualification would require crews to maintain proficiency in both aircraft, thereby necessitating double flying time allocations. To support such an arrangement, the single 707 (EC-135) would be required to fly at an exceptionally high utilization rate just for crew proficiency. On the other hand, if two types of crews are provided, additional manning will be necessary to give the operation necessary flexibility. For example, it is not reasonable to assume that only one EC-135 crew could man the single aircraft on a continuous basis.

As with the crew personnel, qualification and manning problems would also be created in the maintenance and supply areas by a mixed aircraft force. Dual logistical support channels would be necessary, since spare parts and peculiar support equipment must be provided for both types of aircraft. This would result in greatly increased operations and maintenance costs. Aside from the inefficiencies associated with operating the two types of aircraft, it must be recognized that the EC-135 does not represent an effective backup to the E-4A. Not only is the internal EC-135 configuration different, but the differences in mission support capability are significant. In order for the operating personnel to be effective they must have the same environment on each flight. It is difficult for people to adapt to different consoles and positions and to different data.

In view of the critical NEACP mission and considering that the National Command Authorities (NCA) will be flying on the aircraft, it is not realistic from a safety and mission effectiveness standpoint to have the aircrews and battle staffs qualified in both aircraft. The airlines do not interchange their crews between 707s and 747s even though those crews may have years of experience in 707s.

The DOD approved program allows procurement of the 747 aircraft numbers five, six, and seven prior to final completion of the C3 development testing. The 747 aircraft is not considered a development item and little technical risk is anticipated. Considerable schedule lead time can be saved by ordering these aircraft prior to completion of all testing and a final decision on the C3 equipment configuration. The contract for the test bed aircraft includes options for aircraft numbers five, six, and seven. Prior to exercising these options, DOD is planning to conduct a DSARC milestone review.

It is requested that $332.3 million be appropriated for procurement and modification of the number three operational interim NEACP aircraft.

Initial Spares. The House reduced aircraft initial spares by $5.8 million. This reduction is the net of $2.1 million failing authorization, and $3.7 million for F-15 initial spares consistent with the House action in reducing F-15 procurement in FY 74.

Adequate spares are necessary to meet in-commission rates required for a combat ready force. The initial spares appropriation should be increased $3.7 million to support the procurement of 77 F-15 aircraft.

Component Improvement Program. The House directed that all future component improvements be included in the RDT&E budget. They also directed a reduction of the FY 74 component improvement of $28.5 million for the F-100 engine when only $10.0 million was included in the original request.

In the opinion of the committee, all component improvement for correction of service revealed discrepancies and improvement of reliability, maintainability and durability is "clearly development and test work" and should be funded in RDT&E. They indicate that the use of

engineering design effort, test substantiation and vendor qualification for parts is typical RDT&E effort. Only after a modification kit is developed and tested can the procurement appropriation be used to purchase those kits.

The DOD has established clear and definitive guidance on the applicability of RDT&E, Procurement, and O&M appropriations regarding product and component improvements. The Air Force has followed this direction. Only RDT&E is used to develop and test the advanced technology that satisfies a new weapon system requirement. The Air Force is following this criteria in that only RDT&E funding is being used to develop and test the F-100 engine up to and including the F-100(3) configuration by reducing to engineering practice the previously unproven technology required to meet the performance of the system. RDT&E funds will also be used to modify those Lot I F-100 engines required to be production configured. The Air Force also uses the RDT&E appropriation to develop and qualify a higher performance model of previously developed engines. Examples are: development of the TF 30-P-100 engine for the F-111F; the J 85-GE-21 engine for the F-5E; and the TF 34-GE-100 engine for the A-10. After the engines successfully complete the MQT test series it is considered acceptable to begin production and enter operational service.

It is recognized at that point that the engine has not achieved its final maturity nor is the need for engineering support finished. Only after several years of operational service with several squadrons of aircraft being maintained by military personnel will the true engine life characteristics become known. The DOD and Air Force have found it most economical to begin to correct the discrepancies and extend service life immediately after an engine is approved for production and has passed the MQT. This allows a logical transition from RDT&E to Procurement and ultimately to the O&M appropriation.

The Services have found it necessary to retain engineering services to correct discrepancies and extend life both during production and throughout the operational life of the engine. This engineering does not continue development in the sense of improving performance, but merely maintains that level by extending component life and redesigning as necessary to correct weak elements. Test verification is absolutely necessary to assure that a different configuration part is safe to operate in flight. It is recognized that development and product support engineering are similar, but a distinctly different objective separates the two.

The impact of the Committee's action will be a continuation of RDT&E funding for component improvement for as long as the item is in operational service. RDT&E funding will parallel Procurement and O&M funding during the latter phases of the weapon system life cycle rather than following a logical transition from RDT&E to Procurement when the system enters production, and subsequently to O&M after production completes and the system remains in operational service. Engineering services will absolutely be required throughout the system life cycle. Merely because the use of engineering talent and testing is required to achieve the most economical service life is no reason to consider this an RDT&E effort. On the contrary, the efforts associated with engineering support of a production item are logically a Procurement expense.

It is requested that the Component Improvement Program (CIP) continue to be financed in the Aircraft Procurement appropriation. It is also recommended that the $28.5 million for the FY 74 Aircraft Support Equipment and Facilities subactivity be reinstated to include not only the $10.0 million for the F-100 CIP effort, but the $18.5 million that was erroneously reduced from the FY 74 program. If the FY 73 ($18.5 million) and the FY 74 ($10.0 million) F-15 CIP funding is moved to RDT&E, it is necessary that the bill specifically transfer $18.5 million from FY 73 Aircraft Procurement, Air Force to FY 74 Aircraft Procurement, Air Force.

MISSILE PROCUREMENT, AIR FORCE

(Thousands of Dollars)

FY 1974 Request, as amended	$ 1,519,600
House Appropriation Adjustments	- 148,100
House Bill	$ 1,371,500
Restoration Requested	+ 29,300
Current DoD Request	$ 1,400,800

Requested for Reconsideration

(Thousands of Dollars)

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DoD Request
AGM-65A Maverick	$ 107,100	$ 59,100	$ 0	$ 59,100
AIM-7F Sparrow	51,500	20,000	0	20,000
Target Drones	13,000	7,800	0	7,800
AQM-34H Drone Mod	9,100	0	+ 9,100	9,100
Spares & Repair Parts	47,100	44,100	0	44,100
AF Sat Comm System	4,300	0	+ 3,200	3,200
Satellite Data System	30,100	13,100	+17,000	30,100
Transfer of Prior Year Bal	-	-30,000	0	-30,000
All Other	1,257,400	1,257,400	0	1,257,400
Total	$1,519,600	$1,371,500	$+29,300	$1,400,800

JUSTIFICATION

AQM-34H Drone Modification

The House disallowed $9.1 million for modification of the AQM-34H drones. The basis of this action was that the engineering, prototyping, and testing was considered improper funding in the procurement account and recommended the transfer of $2.5 million to the fiscal year 1974 Air Force RDT&E Appropriation. The remaining $6.6 million was disallowed on the basis that the procurement of kits, technical data, and ground equipment was premature.

The AQM-34 target drone modification included in the FY 1974 budget is not development engineering. The $2.5 million engineering, prototyping, and testing is only for integration into the AQM-34 drone of hardware already developed and tested. The AQM-34 H and J models are different airframes, this modification standardizes both series to a tactical jamming configuration, and the previously tested hardware must be engineered to function effectively as a total system in a standard configuration. The individual pieces of the engineering task are described as:

a. $1.2 million - Engineering in support of modifications to airframe including modular nose giving either reconnaissance or ECM capability; ground launch structural beef-up; conversion of basic AQM-34J airframe to H configuration; full fuel indication; and Mid-Air Retrieval System update.

b. $.39 million - Engineering costs required to repackage A, C, E, F band jammers which are off-the-shelf units, currently configured for helicopter use.

c. $.33 million - Engineering in support of modification to existing drone equipment to provide greater mission programming flexibility, three position throttle readout, trim indication, alternate heading input, and additional lateral control indication.

d. $.58 million - Engineering for modification of Aerospace Ground Equipment, qualification testing, and integrated systems flight testing.

Development testing of the hardware is complete. Operational testing related to this modification is for jammer black box qualification and integrated systems flight demonstration. Development testing results have been excellent, exhibiting capability to control [ ] vehicles simultaneously and excellent fighter aircraft screening ability. This system will provide an adequate support jamming force for the Air Force until the proposed EF-111A weapons system is deployed.

Restoration of the $9.1 million is requested to prevent a delay in replacement of the EB-66 aircraft currently performing this mission. The EB-66 aircraft has reached the end of its structural life expectancy and is scheduled for phase-out prior to the end of FY 1974.

Air Force Satellite Communications System (AFSATCOM)

The House disallowed $4.3 million for the procurement of transponders for the Air Force Satellite Communications System. The basis of this action was that testing will not be completed in fiscal year 1974. The Committee recommended against funding on the basis that the Air Force request was premature.

The AFSATCOM program provides essential command and control communications for the SIOP forces. The program consists of the Satellite Data System, the Air Force communications capability on the Navy FLTSATCOM satellites, and backup communications piggy-back transponders on other host satellite programs. The Satellite Data System and FLTSATCOM programs are independent elements but complementary in the total system. The AFSATCOM Program Element 33601F provides both the piggy-back satellite transponders and the aircraft (3010) and ground terminals (radio equipment) (3080) for the system. The FY 1974 and FY 1975 RDT&E funds for this program are for development of the AFSATCOM aircraft and ground terminals.

Two satellite transponders were developed and acquired for a classified host program with prior year RDT&E funds. In FY 1974, the third transponder is being procured for the third satellite of the same host program with Missile Procurement funds. Since the transponders are an integral part of the host satellite design, they are necessarily subject to the schedule and funding requirements of the host program. Deletion of the transponder package from the host program satellite would result in reduced SIOP communications capability and in significant schedule delays and increased cost to the host program. Since the transponder is integral to the host satellite design, the resultant cost increase would be in excess of the $3.2 million required in FY 1974.

Restoration of the $3.2 million, which is a refinement of the $4.3 million budget request, is essential to provide necessary survivability and reliability to the SIOP command and control communications system.

Satellite Data System (SDS)

The House recommended a $17 million reduction of the $30.1 million FY 1974 request. The House noted that the FY 1974 request is almost half of the total procurement program. Also they noted that since the Air Force requested $40 million in FY 1974 RDT&E, and since SDS is not scheduled for launch in FY 1974, that most of the procurement request is premature.

A reduction of $17 million would delay the spacecraft production start until FY 1975, and would have a severe cost, schedule, and critical operational impact on the Satellite Data System Program.

[Deleted] The first satellite is being procured with FY 1973/1974 RDT&E funds and the second satellite with FY 1974 Missile Procurement funds. It is currently planned to launch the second satellite two months after the first space launch.

The production contract is an option to the original development contract and was exercised on 31 July 1973. Production start is keyed to the overall program schedule which calls for launches in [Deleted]. A $17 million reduction would result in the termination of this contract, with an estimated $6.8 million required to terminate. Furthermore, an additional cost of $9 million above that already programmed would be required to renegotiate in FY 1975.

A reduction of $17 million would also delay the overall launch schedule by at least 6 months, with a severe impact on this operationally essential system. SDS provides critical [D]strategic forces communication and is to be the prime mechanism for providing a [Deleted] communication capability between our strategic forces and command centers [Deleted]. It is essential that the integrity of this schedule be maintained if we are to insure full support to the SIOP Command and Control Communications System.

Based on cost, schedule, and operational factors, the Air Force does not consider the production start as premature, and requests reinstatement of the $17 million dollars.

OTHER PROCUREMENT, AIR FORCE

(Thousands of Dollars)

FY 1974 Estimate, as amended	$2,004,900
House Appropriation Adjustments	-399,300
House Bill	$1,605,600
Restoration Requested	+107,200
Current DoD Request	$1,712,800

Requested for Reconsideration:

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DoD Request
Munitions	$ 571,100	$ 371,100	$ 0	$ 371,100
Laser Bomb Guidance Kits	12,400	0	+11,800	11,800
Sedans/Stationwagons	2,800	0	0	0
485-L Tactical Air Control System	24,600	10,000	+14,600	24,600
Defense Support Program	17,000	0	+17,000	17,000
427-M Cheyenne Mountain Complex	24,200	11,700	+12,500	24,200
SLBM Phased Array Radar	26,200	0	+26,200	26,200
SAC Automated Total Information Network	4,000	0	+ 4,000	4,000
MAC Integrated Management System	7,300	5,000	+ 2,300	7,300
LORAN-D Ground/Chain System	12,700	0	0	0
Continental Operations Range	3,800	0	+ 3,800	3,800
First Destination Transportation	51,100	36,100	+15,000	51,100
Special Support Projects	874,200	838,200	0	838,200
Free Assets	-	-10,000	0	-10,000
Transfers of Prior Year Balances	-	-30,000	0	-30,000
All Other	373,500	373,500	0	373,500
Total	$2,004,900	$1,605,600	$+107,200	$1,712,800

JUSTIFICATION

Laser Bomb Guidance Kits. The House deleted the entire FY 1974 Laser Guided Bomb (LGB) request for 4,000 kits and $12.4 million on the basis that procurement will result in on-hand inventories exceeding the established inventory objective. The House also stated that the purchase of older model kits shortly before a new kit is to begin production cannot be justified.

These highly accurate, reliable, and combat proven laser bombs have demonstrated a quantum increase in combat capability. During the conflict in SEAsia, approximately 24,000 Laser Guided Bombs were expended. Direct hits were achieved by 55-60% of the bombs and 18,000 targets were destroyed or damaged.

The decision to procure 4,000 kits in FY 1974 was made when SEAsia consumption was over 775 per month. New kits were not programmed to enter production until third quarter FY 1975, with full production rates not being attained until several months later. It was determined to be more economical to continue production of the highly effective and combat proven weapon while concurrently improving the old kit. This insured a warm production base which could be rapidly expanded if required, and increased the capability of the USAF to respond to worldwide contingencies. It also obviated the significant costs associated with shutdown, startup, and requalification of vendors. Development of the new LGB kit was carefully time phased to minimize costs by permitting use of existing warm production facilities and highly qualified personnel being used for FY 1974 production. Cost savings associated with cancellation of the FY 1974 LGB program are minimal as shown below:

CONTINUATION OF FY 1974 PROGRAM	CANCELLATION OF FY 1974 PROGRAM
$ 4.0 million obligated Aug 15, 1973	$ 3.8 million not recoverable from obligated funds
$ 7.8 million required	$ 7.2 million shutdown/startup costs
	$ 0.4 million overhead during FY 1974
$11.8 million total cost 4,000 laser kits produced	$11.4 million total cost No laser kits produced

Continuation of the FY 1974 program will provide a 28% increase in the laser capability of the USAF at a cost differential of approximately $0.4 million dollars. An FY 1975 start up from a cold base would increase the unit cost from $5,050 to $6,500 each or 28%. Recent certification efforts on aircraft which were not previously capable of laser bomb delivery, will increase WRM requirements. Additionally, an increased payload capability for most laser bomb carrying aircraft, coupled with widened delivery parameters, will have a considerable effect on increasing the worldwide LGB requirements for USAF forces.

The minimum cost differential of $0.4M between program continuation and shutdown, together with the increasing laser bomb kit requirements, fully justifies the restoration of $11.8 million for the additional kits.

485-L Tactical Air Control System Improvements. The House made a reduction of $14.6 million; $2.0 million for engineering, $7.0 million for software, and $5.6 million undefined based on the belief that the engineering and software efforts budgeted in this program are developmental in nature. $9.0 million of the reduction was transferred to the Air Force RDT&E appropriation.

Systems Engineering support for this program is provided by the MITRE Corporation; this organization augments the engineering expertise available within the Air Force. The Air Force funds, from the applicable procurement appropriation, that portion of the engineering services relating to the procurement, installation, and checkout of electronics and telecommunications equipment that has already been developed and is available for procurement. These services include the preparation and review of technical specifications; preparation of operational test plans and procedures; and preparation of statements of work. These services are not developmental in nature. They are an integral part of the procurement of an end item of equipment.

Within this program the Air Force is procuring data processing hardware to automate critical functions of the Tactical Air Control Centers. The computer programs (i.e., software) required for operation of these systems are integral to them and are funded in the appropriation which funds the system procurement. The preparation of software for a system is not developmental work; the programs incorporate already developed algorithms and techniques. No new programming techniques are required.

The request contains $15.3 million for the procurement of production models of the AN/GSQ-119/120 microwave relays and $0.2 million for procurements of AN/PRC-104 radios. These items have been developed and are being tested, and production items are properly funded in the procurement appropriation. The undefined $5.6 million reduction would delay procurement of these items and force contract renegotiation at increased cost.

It is requested that $14.6 million be restored to the Other Procurement, Air Force Appropriation.

Defense Support Program (S). The House transferred the $17 million to the RDT&E appropriation on the basis that the entire $17 million is for computer software development and the test of effectiveness of the electromagnetic pulse resistance of certain buildings.

The $17 million request contains $6.1 million for procurement of a computer and modification of existing mission software. The request contains $1.8 million for ground station improvements intended to repair electromagnetic shielding deficiencies at the (deleted) ground stations. The remaining $9.1 million is for equipment procurement: (1) $1 million for equipment to test electronic circuit cards prior to their installation in operational system hardware; (2) $3.5 million for equipment to train operators and maintenance personnel; and (3) $4.6 million for (deleted) processing stations to enhance system survivability.

As stated in the request for restoration of 485-L funds, software is an appropriate charge to the Procurement appropriations in those instances when development is not involved. All other items requested are equipment procurements and are properly funded in the procurement appropriation. Restoration of $17 million to the Other Procurement, Air Force Appropriation is requested.

427-M Cheyenne Mountain Complex. The House transferred $12.5 million to the Air Force RDT&E appropriation on the basis that systems integration ($3.6 million) and software ($8.9 million) are properly funded in the RDT&E appropriation. For reasons discussed under 485-L Tactical Air Controls System Improvements the Air Force believes that software is properly budgeted in the procurement appropriation when development is not required. Systems integration is that effort provided by the prime contractor to engineer equipment interfaces and to provide hardware to effect the interfaces. This effort is contracted for as part of major procurement contracts and is considered to be an integral part of the procurement and properly budgeted in the procurement appropriations.

Upgrade of communications and data processing systems in the Cheyenne Mountain Complex began in FY 1972 with the procurement of a Worldwide Military Command and Control System (WWMCCS) computer, new communications equipment, and interface hardware. The upgrade is being accomplished primarily through two major contracts. These are multi-year contracts with options to be exercised for work packages each fiscal year. FY 1972, 1973, and 1974 funds have already been obligated on these contracts. The recommended transfer to RDT&E funding would have an adverse impact on this program. Both contracts would be terminated because (1) the forced change from a procurement contract to an R&D contract would require negotiation of R&D clauses, a change in fee structure for assumed risk, and would reopen management issues

on the type of contract; and (2) work packages would have to be completely restructured because of limitations on length of performance in R&D contracts.

To maintain program integrity and continuity and because systems integration and software are properly funded in procurement appropriations, the Air Force requests restoration of $12.5 million to the Other Procurement, Air Force appropriation to continue improvements to the Cheyenne Mountain Complex.

SLBM Phased Arrary Radar. The House deleted $26.2M from the request because it was felt that our present warning systems were adequate.

Less than a year ago, the DoD completed a thorough, in-depth, high-level review of all missile warning systems, present and programmed. A major conclusion of the review was that the present SLBM warning system is inadequate and that new phased array radars are the lowest cost approach to providing unequivocal warning of SLBM attacks on CONUS.

With the advent of the (deleted), all points within CONUS are subject to SLBM attack without warning from launch points in the Pacific Ocean and the North Sea. This situation will prevail even after the (deleted), in covering the western hemisphere becomes operational and all programmed [D] improvements are implemented.

In addition to the gap in [D] coverage, the present SLBM warning system (deleted), has other inadequacies:

(deleted),

b. The [D] radars are old and unreliable and

(deleted),

but not from the Pacific Ocean. from the Atlantic,

The proposed program will replace the present obsolete dish radars with phased array radars. The program is based on the fact that highly credible SLBM warning is needed, and the lowest cost approach is a complementary system of radars and (deleted), rather than improvement of [D] alone. The combination of [D] and radar warning sensors will provide higher credibility (lower false alarm rate), better survivability (deleted), (deleted), and more useful attack

alone can provide, even with major improvements. The installation and 5 year operation of the phased array radar system will cost $120M. To provide the same coverage, (deleted)] recurring costs of $70M every 2-3 years and non-recurring costs of $30-40M for ground terminal and software modifications.

It is therefore recommended that the FY 74 authorization for the SLBM phased Array Radar be restored to the $26,200,000 level.

SAC Automated Total Information Network (SATIN). The House transferred $4 million to the Air Force RDT&E appropriation on the basis that

(D= deleted)

hardware to be procured would provide a test bed configuration to prove the software prior to full scale implementation.

The equipment to be procured with FY 1974 funds is commercially available off-the-shelf equipment. It will be installed in and remain part of an operational system. An operational evaluation will be conducted, not to verify the individual items of equipment, but the system configuration.

This equipment is properly budgeted in the procurement appropriation and restoration of $4 million is requested.

MAC Integrated Management System. The House deleted the request of $2.3 million for systems engineering on the basis that it is for software development. The $2.3 million deleted is for systems engineering support, not for software development. Software development for the Military Airlift Command Integrated Management System (MACIMS) Initial Operational Capability is being accomplished by the Military Airlift Command (MAC) using in-house resources. The Air Force Systems Command, with the assistance of MITRE Corporation, is providing systems engineering assistance to MAC. Systems engineering tasks include establishment of basic system level design concepts, establishment and documentation of baseline system level technical requirements, assistance to MAC in the design of initial software capability, assistance in the preparation of specifications and statements of work for procurement of required equipment, and assistance in the operational test and evaluation of the overall MACIMS system consisting of data processing terminals, communications and computers. MAC, although capable of performing the software task, does not have the qualified engineering resources to perform the system engineering tasks. If funds for MITRE systems engineering are deleted, the total program must be accomplished by MAC with a significant delay in achievement of Initial Operational Capability. The resulting system would be less efficient and would result in a long term increase in total program cost.

Restoration of $2.3 million for engineering support is requested.

Continental Operations Range (COR). The House deleted the request for $3.8 million pending a review by the Surveys and Investigation staff of the various military plans, requirements, and alternatives, including the possible expansion of the Gulf of Mexico range.

The Air Force, in coordination with DDR&E, has conducted numerous in-house and contractual studies since 1967. These studies defined a critical requirement for a facility to alleviate Operational Test and Evaluation (OT&E) and training deficiencies that had a direct relationship to combat performance. These studies, using an actual combat loss data base, confirmed the need for OT&E and training of strike-sized air warfare elements using a very realistic threat environment. To effectively support the operational users in large exercises, it is necessary to centrally locate the facility over land for ease of access and to economically support the numerous equipments and instrumentation arrays. Collocation with existing operational training activities wherever both functions can be accommodated without impairment is necessary for investment, management, and operational efficiency and effectiveness.

Many of the tests must be protected for security reasons. For example it is necessary to deny electronic intelligence gathering that is possible in coastal waters. Workload saturation at existing test ranges precludes accommodation of proposed COR activity involving large scale exercises on a continual basis.

Sufficient studies of alternatives have been conducted and the present COR program is considered the best approach to provide the needed OT&E and training capability.

A re-study of COR will cause an unnecessary delay in providing this urgently needed capability. Restoration of $3.8 million in FY 1974 is requested.

First Destination Transportation (FDT). The House reduced the request by $15 million on the basis that the Air Force would not have increased FDT if the Military Assistance Service Funded (MASF) Appropriation had not become available and further that the reduction of $200 million in Munitions should reduce the requirement for FDT.

FDT requirements are computed based on anticipated deliveries of materials during the fiscal year. The funded delivery period overlaps fiscal year accounts in that an item is procured in one fiscal year but payment for shipment of that item is made in the fiscal year in which it is shipped. Reduction to the Fiscal Year 1974 Munitions Program has little impact on the Fiscal Year 1974 FDT Program because most FDT charges through March 1974 will be incurred in support of FY 1973 Munitions Program shipments.

The need to increase the Fiscal Year 1974 estimate for FDT was confirmed in June 1973. Analyses of Government Bills of Lading (GBLs) relating to FY 1973 pricing and obligational activity revealed a necessity to increase the initial Fiscal Year 1974 estimate of $36.1 million by $15 million.

While the Munitions Program has been reduced, and there is reason to anticipate shipping rate increases as a result of the fuel shortage, obligations incurred against FY 1974 FDT to date are $25.6 million, or more than 50% of the amended request.

The House action would remove the authority of the Air Force to apply funds within reprogramming flexibility to increase the Fiscal Year 1974 FDT Program to meet sudden increases in requirements such as occurred in the Mid-East Crisis.

Restoration of $15 million to the FY 1974 FDT Program is requested.

COBRA DANE Radar. The House directs the Air Force, on the basis of the Appropriations Committee Report (Page 149), to realign funding for the COBRA DANE radar so that engineering, design, integration and testing of the radar should be funded in the RDT&E appropriation.

The COBRA DANE radar is being procured under the "turn-key" concept wherein a prime contractor engineers the system, provides and installs equipment, and performs system testing. DOD policy is that the contract be funded from a single appropriation. The system engineering, design, integration and testing performed by the contractor is a part of the contractor's responsibility for delivering an operational radar system and is properly charged to the procurement appropriation.

The House direction was not given effect by transfer of funds from the Other Procurement, Air Force Appropriation to the RDT&E Appropriation, therefore it is not feasible to realign the funding of COBRA DANE. The expenditure of funds must be from the appropriation in which budgeted.

It is requested that since the COBRA DANE radar is properly funded in the Other Procurement Appropriation and since the House did not transfer funds to RDT&E, the direction to realign the funding be deleted.

PROCUREMENT, DEFENSE AGENCIES

(Thousands of Dollars)

FY 1974 Estimate, as Amended	$70,700
House Appropriation Adjustments	-4,700
House Bill	$66,000
Restoration Requested	+1,400
Current DoD Request	$67,400

Requested for Reconsideration:

(Thousands of Dollars)

	Budget Request As Amended	House Bill	Restoration Requested	Current DoD Request
OSD Major Equipment	$ 922	$ 422	$ 400	$ 822
DMA Major Equipment	7,104	6,104	+1,000	7,104
Commercial Vehicles	1,200	0	0	0
NSA Major Equipment	[Deleted]			[Deleted]
All Other				
TOTAL	$70,700	$66,000	$+1,400	$67,400

OSD Major Equipment. The House Appropriations Committee reduced the FY 74 request by $500,000. The major increases requested were to procure equipment in support of radio and television service for Navy ships at sea. This program was approved with the understanding that the FY 74 budget guidance controls for the Navy were reduced by the amount required for the Office of Information for the Armed Forces to support this program. The amount requested for FY 74 is required to support the second phase of this program which will be completed during FY 75. The Navy considers this an urgent requirement in support of reenlistment and recruiting efforts as well as provide for the morale and welfare of men at sea. In view of the fact that the requested increase is actually offset by the Department of Navy budget submission, we would appreciate reconsideration of the adjustment proposed by the House Appropriations Committee.

DMA Major Equipment. The House stated there was an increase of $6,954 thousand in FY 1974 over FY 1973 and that such a significant increase is not justified and made a reduction of $1 million.

The Defense Mapping Agency (DMA) needs a wide variety of scientific and technical equipment to provide the mapping, charting, and geodesy (MS&G) data required by ground forces and to support tactical and strategic ship, aircraft, and missile weapons systems employing sophisticated navigation and guidance systems over worldwide areas. The equipment procurement

program is integral to the overall MC&G support needed to maintain the effectiveness of the combat forces. Procurement schedules must be correlated with R&D efforts, planned operational dates of weapons systems, navigational systems, and production plans.

The budget submission showed a FY 1973 program of only $150 thousand and a request of $7,104 thousand for FY 1974 giving the Committee the impression that DMA was requesting an increase of $6,954 thousand. The amount shown for FY 1973 is misleading because the FY 1973 procurements budgeted for MC&G equipment by the Military Departments were not transferred to DMA as were the O&M and RDT&E budgets. Rather, during FY 1973 the Military Departments retained responsibility for financing DMA's equipment procurements.

The FY 1974 request of $7.1 million includes $2.2 million for a one time buy of a computer which will save the Government a net $1.5 million. The remainder of the FY 1974 request, $4.9 million, is for replacement and new equipment. The replacement cost of our current equipment inventory totals $130 million of which $110 million is mapping, charting, and geodesy equipment. The normal useful life of this equipment is 15 years and a buy program approximating $7 million per year for replacement or new State-of-the-Art equipment is considered reasonable. The request for MC&G equipment is only $4.6 million. Some of the procurements requested for FY 1974 are for replacement of equipment that is beyond economical repair; however, most of this request is for new State-of-the-Art equipment to enable us to exploit special source materials now becoming available. Other procurements will permit automating the drafting process so that we can reduce production time and meet increased demands for accuracy and digital data to support weapon system needs. For example, [deleted]

/ These new items are becoming available as a result of prior years' R&D and the procurement spending in FY 1973 was deliberately somewhat depressed awaiting the availability of this new equipment from R&D.

The FY 1974 request is considered the minimum required for continued effective production to meet the MC&G requirements of the military forces.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

(Thousands of Dollars)

FY 1974 Estimate, as amended	$2,095,200
House Appropriation Adjustments	-228,742
House Bill	$1,866,458
Restoration Requested	+105,315
Current DoD Request	$1,971,773

Requested for Reconsideration:

(Thousands of Dollars)

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DoD Request
Site Defense	$170,000	$-0-	+$135,000	$135,000
Hellfire	11,141	6,141	-0-	6,141
TACFIRE	10,000	8,000	+ 2,000	10,000
High Energy Laser	3,000	-0-	+ 3,000	3,000
Human Factors in Military Systems	4,200	3,700	-0-	3,700
Performance Effectiveness of the American Soldier	4,700	3,400	-0-	3,400
Atmospheric Investigations	4,800	3,800	-0-	3,800
Manpower Resources Development	4,900	3,900	+ 1,000	4,900
Aircraft Avionics Technology	6,100	5,100	-0-	5,100
Missile Technology	22,000	20,000	-0-	20,000
POL	1,100	-0-	-0-	-0-
Studies and Analysis	8,100	7,000	-0-	7,000
Remotely Piloted Vehicles and Drones	3,990	2,990	+ 1,000	3,990
Wholesomeness Testing of Irradiated Foods	1,000	-0-	+ 1,000	1,000
Transfers from Procurement	-0-	13,500	- 13,500	-0-
EBMD	39,300	34,000	-0-	34,000
ABMD	60,700	77,700	- 25,000	52,700
Military Selection, Training & Leadership	1,300	1,245	-0-	1,245

Requested for Reconsideration (Continued):

(Thousands of Dollars)

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DoD Request
Aerial Scout	1,000	-0-	-0-	-0-
AAH	49,200	45,700	-0-	45,700
Safeguard	216,000	181,000	-0-	181,000
Advanced Forward Area AD Sys	28,065	11,100	-0-	11,100
TOW	8,100	6,520	-0-	6,520
BUSHMASTER	13,720	9,826	-0-	9,826
LWL	5,163	5,113	-0-	5,113
[Deleted]	[Deleted]	[Deleted]	[Deleted]	[Deleted]
All Other	1,405,715	1,405,715	-0-	1,405,715
TOTAL	$2,095,200	$1,866,458 1/	$+105,315	$1,971,773 1/

1/ Total off by $2,000 because the pay raise was included in the funds recommended for some of the programs.

JUSTIFICATION

Site Defense.

The US must maintain a timely and credible hedge against the abrogation of the ABM Treaty or Interim Offensive Agreement and against failure to conclude a final agreement on offensive weapons. For this reason, Site Defense is essential as a future potential defender of our MINUTEMAN missiles. The primary impacts of acceptance of the House action include (1) loss of the hedge against Treaty or Offensive Agreement abrogation, (2) loss of support to SAL negotiations, (3) loss of the only remaining US contractor team competent in ballistic missile defense systems, and (4) significant delay and increased total cost should a later decision be made to re-start the prototype demonstration program. It should also be noted that at least $90 million in FY 1974 funds will be required even if the program is terminated. True savings in FY 1974 of the House Action is only about $20 million. The House action appears to be based on a number of erroneous conclusions, for example, (1) that further development can await expiration of the Interim Offensive Agreement and still meet the threat on a timely basis, (2) that it is still feasible to employ SAFEGUARD for an expanded MINUTEMAN defense, (3) that certain other means suggested by the Committee to insure survivability are more feasible or cost effective than Site Defense, and (4) that the Advanced Ballistic Missile Defense program could be realigned quickly enough to accommodate any Site Defense effort in FY 1974. These points are further developed in the paragraphs below.

This program supports development of a ballistic missile defense system for protection of MINUTEMAN against a first strike attack which the Soviets could be capable of mounting (within the limits of the Interim Agreement) by the late 1970's or early 1980's. This program was started in FY 1971 at culmination of years of detailed analyses which identified Site Defense as the most cost effective system for defense of MINUTEMAN. The currently authorized program supports only prototype development for a system feasibility demonstration at Kwajalein Missile Range in 1976-1977 and maintains the option for expansion to full development and deployment to achieve an active defense of MINUTEMAN by [deleted]. Should decision to deploy be deferred, this program provides the option to continue in development with upgrading to take advantage of new technology, without proceeding with the detailed engineering and production required for deployment. In view of the recent announcement of Soviet demonstration of the capability to produce and deploy a MIRV package, with which MINUTEMAN could be attacked far more effectively than with single warheads, the Site Defense Prototype Demonstration Program must be kept on schedule. This program as now scheduled will put the US in a position of demonstrating to the Soviets that this system is feasible before expiration of the Interim Offensive Agreement.

The FY 1974 Authorization Act reduced the $170 million requested to $135 million. The House Appropriation Bill directed termination of the Site Defense Prototype Demonstration Program (PDP) with a further reduction in funding of $135 million. This would be partially offset by an increase of $25 million in the Advanced Ballistic Missile Defense category for advanced development efforts on components of the Site Defense system. The House Appropriation Committee Report states that this $25 million could be supplemented by using part of the $86.7 million authorized for the Advanced Ballistic Missile Defense program. However, it is noted that execution of the FY 1974 Advanced Ballistic Missile Defense Program is well along and that such a realignment in the use of funds is not feasible this late in the fiscal year.

According to the House Appropriations Committee Report, the House action is based on the belief that, if in 1977 the US needs an ABM deployment, we can either start then to develop a new system, or we can extend the SAFEGUARD deployment beyond the one site at Grand Forks. Neither of these courses would provide a timely, adequate defense of MINUTEMAN. If new system development is delayed until 1977, an effective deployment would be delayed until the [deleted] years after the threat to MINUTEMAN can materialize. Further deployment of SAFEGUARD would require almost as much time as a new system, would cost about three times as much as deployment of Site Defense and would have much less capability than Site Defense for MINUTEMAN protection.

Elimination of the Site Defense program would provide evidence to the Soviets that the US has abandoned its only active option to defend MINUTEMAN against the scale of threat which the Soviets can achieve. Such action would

most certainly weaken the position of the SALT negotiations and reduce the incentive of the Soviet negotiators to reach an equitable agreement. The Soviets know it takes the US seven to ten years to develop, test and deploy a credible defense system and this could spur the Soviets to rapidly deploy their MIRV capability, thereby achieving a superior strategic force advantage over the United States. It appears unwise, therefore, especially at this stage in the SALT, to deny the US an adequate defense option until it becomes apparent that the threat to the US can be limited by negotiation.

The Committee Report suggested that there are other ways to achieve survivability of additional MINUTEMAN missiles including further hardening of silos, deployment of mobile ICBM's, and construction of additional silos. Hardening of MINUTEMAN silos is a good interim solution for protection but it is not practical for advanced threats, since any feasible degree of hardening can eventually be overcome by improvement in Soviet accuracy. Deployment of mobile MINUTEMAN would require an expensive development, production and construction program over a period of several years so that such a system would not be available in time to meet the advanced threat. Additionally, such deployment would also have to be a SAL option since construction of additional silos would violate the Interim Offensive Agreement and would be inconsistent with the US unilateral statement to the Soviets opposing mobile ICBM's.

The FY 1973 and FY 1974 Site Defense budgets were prepared following incremental funding guidelines outlined by the Congress. All FY 1973 and prior year Site Defense RDTE funds, except approximately $0.2 million were obligated by 30 June 1973 and costs had been incurred for almost all of this funding. Therefore, as testified by Army representatives during the House Appropriation Committee hearings, the Site Defense program started on 1 July 1973 incurring costs under the Continuing Resolution Authority at a rate consistent with that existing at the end of FY 1973. The FY 1974 Site Defense Program has recently been adjusted to be compatible with the $135 million program contained in the Authorization Act. It is currently estimated that the FY 1974 Site Defense RDTE costs incurred by the end of this December will be approximately $70 million. In addition, it is estimated that approximately $20 million would be required to phase-out the Site Defense Prototype Demonstration Program. In other words, if the Site Defense Program were terminated effective 31 December 1973, it will still be necessary for the Congress to appropriate $90 million for this program in addition to the $25 million diverted from Site Defense to Advanced Ballistic Missile Defense. Therefore, termination of the Site Defense Program would realize a FY 1974 savings, from the $135 million authorized, of only about $20 million.

Termination of the Site Defense PDP would result in the dismantling of the last remaining government and contractor team employed in the development of a BMD system, since the SAFEGUARD system is nearing completion.

Approximately 3500 workers in the California, Florida, Alabama and New York areas as well as several hundred government employees would be released. Also, termination would require abandonment of the $164.7 million in FY 1971-FY 1973 RDTE funds spent on the program for a total RDTE sunk cost of approximately $255 million. In addition, if it were necessary to restart the Site Defense program in FY 1975, any additional defense of MINUTEMAN would be delayed at least one and one-half years and total program costs would increase by over $150 million. If the PD Program is continued as authorized in FY 1974, $135 million is required. In this case the amount provided by the House Appropriations Bill for Advanced Ballistic Missile Defense should be reduced by $25 million to the $86.7 million provided in the Authorization Act.

Tactical Fire Direction System (TACFIRE).

The Tactical Fire Direction System (TACFIRE) is an integrated, on-line tactical fire direction system which performs selected tactical and technical fire control functions for the Field Artillery. Development of TACFIRE was begun by Litton Systems, Inc., under a competitively awarded Total Package Procurement (TPP) contract in December 1967.

Deficiencies discovered during testing of the prototype system indicated that it was impractical to make a production decision by April 1, 1973, as required by the TPP contract and the TACFIRE program was restructured in March 1973 after intensive review by the Army and OSD. This review included a revalidation of the requirement for TACFIRE and a thorough investigation of various alternatives for continuing the program.

The alternative recommended by the Army and approved by OSD provides a more deliberate and prudent development and acquisition pace with time for the correction of deficiencies discovered during testing and for the development of new items identified by the user as essential, and permits management actions to avoid further technical difficulties. The contract modification from a Total Package Procurement to a Cost Plus Fixed Fee contract, extends the development and testing phase an additional eighteen months, 12 months for the correction of deficiencies and development and integration of new and upgraded components and six months for rigorous testing in a field environment.

The full $10.0 million are required in FY 1974 to finance the contract modification and the six-month testing program designed to assure the Army and OSD that technical problems have, in fact, been resolved. Contractor performance toward meeting the goal of delivery of a fully-compliant, upgraded prototype system on February 28, 1974, has been satisfactory and the program is on schedule. Reduction in FY 1974 funds would delay the initiation of field testing of the upgraded system until FY 1975 (rather than April 1974), resulting in further program slippage and increased system acquisition costs through economic escalation and increased contractual support costs.

High Energy Lasers: Mobile Test Unit

The proposed deletion of $3 million associated with the development of the Mobile Test Unit, as recommended by the House Appropriations Committee, would terminate the Mobile Test Unit Program. It is most desirable that the Army proceed to complete this well-reasoned and planned program leading towards [Deleted]

The Army's Mobile Test Unit Program seeks to [Deleted] The complete system is being fabricated at a reasonable cost into a size and weight that are compatible with [Deleted] The Mobile Test Unit when completed [Deleted] will provide the Army with a flexible facility [Deleted] As more sophisticated subcomponent technology becomes available it can be substituted for that in the Mobile Test Unit to upgrade its capability. The Mobile Test Unit Program will also provide valuable experience [Deleted]

In 1972, the Army very carefully evaluated [Deleted] and judged that it was timely to construct a test bed to allow evaluation of engineering [Deleted] to provide a background for design [Deleted] and to allow a careful analysis of Army applications in the field. The work has been done in an effort fully coordinated with the programs of the other two Services and with the technology program of the Defense Advanced Research Projects Agency. The major Army program was started in 1972 when it became evident that [Deleted]

The progress of the Mobile Test Unit Program is excellent and on time in every respect. Contracts have been let and are proceeding on schedule, and in-house laboratory work is well in hand to assure that the various components and subcomponents of the Mobile Test Unit are being prepared and procured on a proper time schedule. A full mockup of the Mobile Test Unit has been fabricated to assure proper assembly into the mobile vehicle. To proceed with this important ongoing program, request restoration of the $3 million.

It should be noted that the Program Element for High Energy Laser effort is programmed at $5.1 million in the President's Budget. Of this amount, $4.8 million has been obligated as of November 27, 1973. These funds were obligated for contractual as well as in-house effort.

MANPOWER RESOURCES DEVELOPMENT

This program is the element of behavioral sciences devoted to developing systems or programs for use Armywide. It exploits information and facts obtained through expenditures in the technology base research program. It has ultimate and great impact upon the individual and/or unit training effort in the entire Army.

The substantial increase requested for FY 74 is urgently required to complete development of the prototype Computerized Training System (CTS). Teaching effectiveness of computer administered instruction has been amply demonstrated. This new system, based on a small computer and many terminals, rests on proven technology. The CTS will instruct classes simultaneously in three different subjects. The prototype is needed to establish the degree of cost effectiveness of the system and will be installed at the Army Signal School for trial in teaching actual classes prior to expanded use at other Army schools. This system, which has a high potential for success, will revolutionize individual advanced and specialized training in the Army School System. It can, when finally implemented, train more specialists more quickly, better, and at less cost in terms of time spent away from unit, instructors required, and actual out-of-pocket dollars than any system existent now. The ultimate goal of this system is a cost of instruction on terminals not to exceed two dollars per hour--a savings of up to 3 to 1 over current systems. The money requested is urgently needed for a contract now in negotiation for this prototype system. Lack of funds will delay this program at least one year, result in costly revision and re-issuance of requests for system proposals and other actions already taken.

Of the four other projects within this element, two have been increased to support an increased requirement in training and education in response to our all volunteer Army. The other two projects, to include "Troop-Community Relations," have been decreased by 20 to 40% to accommodate the increased work in the training and education areas.

REMOTELY PILOTED VEHICLES AND DRONES

This program supports the development of a small, low-cost, remotely piloted aircraft with the primary functions of laser designation of targets out to the range of support laser guided weapons (CLGP and HELLFIRE) and adjustments of conventional artillery fire. This system will fill the void that will exist when the hostile air defense threat intensifies to the point that the loss rate of manned aerial systems is unacceptable.

The HAC reduced the $4.0 million FY 74 budget request by $1.0 million stating that proliferation of effort among the services existed. The

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Army is aware of some efforts that appear duplicatory. However, in view of the technology problems that exist, such duplication is not considered counterproductive at this time. The Army is closely coordinating their development efforts with the Air Force and ODDRE to insure that all efforts are mutually beneficial. If the Remotely Piloted Aerial Observer/Designator System (RPAODS) program is reduced $1.0 million in FY 74 the Army must either stretch-out the development schedule at least 6 months (assuming $1.0 million is restored in FY 75) or, alternatively, accept a much higher level of technical risk when contracting for an advanced development model in late FY 75. The objective of the 1st phase of this program, that extends to end of FY 74, was to establish that RPAODS is technically feasible. Early in this first phase it was found that serious problems exist in fabricating a low-cost, jam resistant data link, and low-cost target sensors. One half of the $4.0 million FY 74 funds have been allocated to the solution of these problems. If the HAC reduction stands then that reduction will have to be taken solely from this technology effort because the other portion of the funds are already committed.

Target acquisition capability is one of our most serious current deficiencies, and the Army would prefer not to delay development of this very promising system.

WHOLESOMENESS TESTING OF IRRADIATED FOODS

The action proposed by the Committee to deny funding of wholesomeness testing of irradiated food will not permit the Army to continue a program desired by the House Armed Services Committee and the Joint Committee on Atomic Energy. If the Army is to comply with the desires of these Committees, an additional $3.0 million is required, $1.0 million for each of three fiscal years beginning in FY 74. The wholesomeness testing of irradiated beef is scheduled for completion in FY 76. The proposed termination action will wipe out a 20 year investment of $34.5 million in irradiated food research. Such action will significantly postpone and might permanently eliminate the use of this technology by government and industry to reduce the cost of food preservation.

The Food and Drug Administration dictates that multiple generations of 3 animal species will be used in wholesomeness studies, some animals being studied for at least 3 years. Tests began in December 1971. The earliest possible completion date is December 1974. This date has had to be extended to June 1976 because of entirely unforeseen biological problems: reduced reproductive capacity of mice and rats fed control (non-irradiated) diet. Animals fed irradiated food are progressing normally. Feeding of control diets is mandatory in this kind of study to provide a concurrent 'normal' experience for comparison. An independent panel of experts of the National Academy of Sciences (NAS) could not provide a definitive explanation after reviewing the

problem but they did suggest several alternate causes and ways to correct them. The Army resumed the studies by incorporating into the test procedures all possible corrective actions suggested by the NAS panel. These delayed tests of rats and mice will be completed in June 1976. Failure to complete the tests will negate 20 years of research on a method of food preservation that is within 2 years of determination as to its safety for use by man.

A final consideration is the energy required to preserve food. The major method for food preservation today, refrigeration, requires continuous use of electricity from the time of initial cooling to food use. Irradiated food requires only a one-time exposure to nuclear energy, with storage at room temperature until used. It is a feasible alternative to refrigeration. Clearly food irradiation has a great energy conservation potential for industry and the consumer. On this ground alone, the irradiated food program deserves support at least through FY 76 to establish whether or not an irradiated food product (beef) is safe and nutritious for man.

TRANSFERS FROM PROCUREMENT

The House transfered $13.5 million from several procurement accounts to finance efforts which were felt to be of a developmental nature.

It is requested that this funding be deleted from the Army RDT&E account and reinstituted in the appropraite procurement account as: (a) the AN/TSQ-73 pre-production model will be placed into inventory upon completion of DT/OT II tests, (b) the M60 Tank Mod engineering is to support within performance-envelope improvements to an item currently in production, and (c) the mortar proximity fuze is successfully completing its test program and will be ready to enter full scale production some time shortly after January 1, 1974.

CRYPTOLOGIC ACTIVITIES

The cost to the US Government will increase if Cryptologic Activities are reduced by $.9 million. The RDT&E cryptologic budget is not growing but fluctuates from year to year. What the increased level of funding shows is incremental dollars beipg used as required. The current FY 74 Cryptologic Budget of [Deleted] includes only [Deleted] for a new start. This new start will be deleted. The remaining [Deleted] must be applied against the CEFLY LANCER contract, a tactical system which will eventually support the Army in the field. This contract has been under development for several years, with a present investment of over [Deleted] A delay in the CEFLY LANCER contract will cost the US Government between [Deleted] for FY 75.

RESEARCH DEVELOPMENT TEST AND EVALUATION, NAVY

(Thousands of Dollars)

FY 1974 Estimate, as amended	$ 2,709,100
House Appropriation Adjustment	-93,035
House Bill	$ 2,616,065
Restoration Requested	+46,936
Current Navy Request	$ 2,663,001

Requested for Reconsideration:

(Thousands of Dollars)

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DoD Request
TRIDENT Missile	$531,667	$519,667	$+12,000	$531,667
Aerospace Ocean Surv.	35,205	27,205	+ 8,000	35,205
Environmental Protection	9,200	6,050	+ 3,000	9,050
SANGUINE	16,675	-0-	+16,675	16,675
Aerial Tgt Sys Dev	14,505	10,505	0	10,505
Adv Communications	5,490	3,490	0	3,490
Cryptologic Activities	8,490	7,490	0	7,490
Special Activities	127,700	125,700	+ 2,000	127,700
Adv Command Data Sys	5,880	3,880	0	3,880
SSBN Defense	18,776	16,776	+ 2,000	18,776
In House Ind Lab Research	13,648	13,000	0	13,000
Defense Research Sciences	106,715	101,715	0	101,715
S&A Navy	9,821	9,000	+ 821	9,821
CNA MC	1,000	700	+ 300	1,000
CNA, Navy	7,140	5,500	+ 1,640	7,140
Support Tech Navy	84,481	82,481	0	82,481
Manpower Effectiveness	2,595	2,095	+ 500	2,595
MK-48 Torpedo	8,256	13,556	0	13,556
R&D Ship & Acft Support (Aerial Tgts)	38,469	41,869	0	41,869
Warfare Analysis & Research	5,508	7,108	0	7,108
AN/SQS-53 Sonar	-*	1,200	0	1,200
CH53-E Helo	30,000	28,800	0	28,800
Abn ASW Dev	12,731	11,986	0	11,986
Reactor Prop. Plants	7,202	6,902	0	6,902

* Included in line above (AN/SQS-53 Sonar)

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DoD Request
A4W/A1G Nuc Plants	$ 7,534	$ 7,250	$ 0	$ 7,250
D2W Nuc Plant	7,202	7,000	0	7,000
Adv Design Sub Nuc Plant	11,700	11,600	0	11,600
NATO PHM	24,000	18,830	0	18,830
Strategic Cruise Missile	15,200	2,500	0	2,500
Surface Effect Ships	72,800	60,900	0	60,900
V/STOL for SCS	26,300	24,300	0	24,300
Adv Prop for V/STOL	11,300	5,900	0	5,900
AEGIS	43,134	40,134	0	40,134
Surface Launch Wpn.	9,260	4,760	0	4,760
CAPTOR	13,261	19,961	0	19,961
MK-15 PHALANX CIWS	4,700	4,700	0	4,700*
All Other	1,361,555	1,361,555	0	1,361,555
TOTAL	$2,709,100	$2,616,065	$+46,936	$2,663,001

*Request increase in this program by $23.2 million as directed by House Appropriations Committee by transfer from OPN 1973/1975.

JUSTIFICATION

TRIDENT MISSILE SYSTEM. The House has proposed reducing TRIDENT missile development effort by $12,000,000 to a new level of $519,667,000 to emphasize cost savings through greater competition in this work, ($10.0 million), and to reflect advice from the Navy that $2.0 million less is needed for the Lockheed contract in FY 1974.

Following Congressional direction on competition in FY 1973, guidance was given to the TRIDENT missile prime contractors to select subcontractors and structure subcontracts by competition to the maximum extent that would achieve the stated congressional objectives of reducing cost and of obtaining a better product. Thus the current proposal for multi-year contracts reflects this direction toward maximum competition and the contracts expected in early calender 1974 will have achieved the maximum life-cycle savings. In this manner, under pressure from Congressional committees, the percentage of the TRIDENT missile development which has been subject to competitive procurement has been increased over that originally planned. Further increases in competitive procurement are not considered to be in the best interests of the government. While further competition may lead to lower cost estimates and contracts to conduct the development, these "cost savings" would more likely than not be illusory. Common sense warns us, and experience has many times confirmed the warning, that the stress of a hotly contested "paper" competition in an industry where there is a great deal of unused capacity leads participants to not be acutely aware of the pitfalls incolved in extensive use of "paper" competitions. All the highly publicized acquisition "failures" which come to mind are confirming examples. Prudence certainly advises that the government should learn from this experience and avoid placing itself in this position. But there is great temptation for the government to misuse its market monoply in this kind of situation.

It is considered that the amount of breakout and competition currently planned for the TRIDENT missile development may be already greater than is prudent to avoid the problems of over-runs and reduced quality which can result from under-estimating in order to win "paper" competitions. To increase this amount would not lead to "cost savings" and a "better product" as the committee report avers, but would in fact greatly increase the probability that this program could be added to the list of acquisition "failures".

It has not been possible to determine the source of the statement averring that $2.0 million less is required for the Lockheed Missile and Space System Company contract in FY 1974. In view of the missile development project manager, this is inaccurate and restoration of the $2.0 million is requested to permit full implementation of scheduled FY 1974 effort.

In order to permit the Navy to carry out the objectives of the TRIDENT Missile System development as presently structured, it is requested that the original level of funding -- $531,667,000 -- be restored.

AEROSPACE OCEAN SURVEILLANCE. This action is a result of a committee understanding of the proposed program prior to an agreement where in the USAF would make two aircraft available for the Navy program. This agreement will make two aircraft available in June 1974. The Navy will then commence a thorough test of the concept while the aircraft are available.

Obtaining the aircraft without having to wait for production delivery necessitates acceleration of the sensor package procurement and upgrading of the ground processing station. A program has been structured which will spend the FY 74 funds to achieve a test configuration which will permit a thorough test of the concept while the aircraft are available.

An initial feasibility test with high altitude aircraft and breadboard sensors in Feb - Mar 73 successfully demonstrated a significant O/S support capability to tactical commanders not currently available. The Aircraft Systems portion of the Ocean Surveillance program fulfills an identified requirement for localized continuous surveillance of high interest areas under the operational control of the task force commander as well as a local area data relay for acoustic data.

Reducing the surveillance program to slow down examination of high altitude system degrades this program's ability to address urgent requirements to develop surveillance capabilities to counter the surface and cruise missile threats. In order to retain the appropriate balance within the Aerospace Ocean Surveillance Program, it is requested that the original level of funding - $35,200,000 - be restored.

ENVIRONMENTAL PROTECTION. The Authorization Bill for Environmental Protection reduced the program from $9,200,000 to 9,050,000. The House Appropriations Committee has proposed reducing the program by an additional $3,000,000 to a new level $6,050,000.

The Navy program has been structured around trade-off agreements with other Federal agencies for minimum duplication in efforts. For example, the USAF has agreed to assume primary responsibility for airborne Aircraft engine noise and pollution abatement while the Navy has agreed to assume the responsibility for this work in aircraft support equipment, primarily aircraft engine test cells. Another example is the US Coast Guard responsibility for oil spills and other pollution outside territorial waters while Navy has agreed to developing procedures and equipment to take care of harbor pollution. In the area of sewage treatment the Navy effort is devoted exclusively to developing a shipboard system capable of operations in an open ocean environment. The problem of sewage treatment aboard a ship by nature of our waterborne environment, the physical size of the ship and its space limitations is different than sewage treatment ashore. No other government

agency is developing treatment systems or equipment that will meet Navy needs in oil pollution abatement, sewage treatment, etc.

In FY 73 funds in the amount of about $7.0M were expended for research and exploratory development in addition to the $4.1M appropriated by the Congress for advanced development under PE 63721. Therefore, several programs started under exploratory development that warranted carrying forward into advanced development were included in the FY 74 budget request. The following are examples of these programs and explain the increase requested in the FY 74 budget.

Ordnance Reclamation	$ 800K
Jet Engine Test Cell Noise Abatment	1,300K
*Shipboard Oil Water Separator	500K
Oil Content Monitor	300K
Passive Plate Ballast Oil Water Separator	250K
Membrane Divider Oil/Water for Ballast Tanks	300K
Incinerator Development for Small Ships to Handle Solid Sewage and Oil Waste	300K
Small Ship Trash Compactor	80K
Reduced Volume Showers (Reduces water required by factor of 10)	100K
Total	$ 4.430K

* This is a joint Navy/Coast Guard effort. Commercial units tested in FY 73 under R&D program would not meet EPA standards.

Although the R&D advanced development budget request of $9,200,000 for FY 74 represented more than a 100 percent increase in funds requested the previous fiscal year for advanced development, this is not a true representation of the increase in the Navy efforts in this area. The total Navy effort for research, development, test and evaluation in the area of environmental protection must include the directly related efforts funded with basic research and exploratory development funds. The combined effort for FY 74 (basic research, exploratory development and advanced development) amounts to $14,807,000 which is less than 50 percent greater than the combined effort of $10,624,000 the previous year.

The proposed reduction will lead to increased developmental and procurement costs due to inflationary pressures. The Navy's ability to develop waste treatment systems for unique Naval ship applications, thereby enabling it to conform to EPA standards and Executive Order 11507 in a timely manner, will also be jeopardized. It is requested that the Authorization level of funding - $9,050,000 be restored.

SANGUINE. The Committee has proposed deleting the entire $16,675,000 for Project SANGUINE and terminating the program. Project SANGUINE is an extremely low frequency (ELF) communication system intended for use in transmitting critical, short messages to submarines, particularly our FBM submarines, which must remain immune to enemy detection at all times to assure our adversaries that it has a credible deterrent to nuclear war.

The statement contained in the Committee report that there are six operational communication systems which can be used to communicate with submerged submarines is apparently a misunderstanding and is misleading. Today's FBM submarines are supported by two existing shore-to-submarine systems; one is a worldwide network of "soft" fixed VLF/LF/HF (above 14 kilohertz) broadcast stations and the other, the TACAMO airborne VLF system. These systems provide us almost 100% reliability in a peacetime environment. SANGUINE will increase the credibility and effectiveness of our deterrent forces because it will relieve us of three areas of concern: transmitter site survivability - which uses buried antennas (not "seismic arrays") and multiple transmitters buried in reinforced concrete capsules; message survivability - today's radio signals are subject to aberration by atmospheric effects (such as sunspots and those generated by nuclear weapons)

and by enemy jamming. At SANGUINE frequencies (40-80 hertz) the effect of these degradations is minimal or non-existent; and submarine survivability-VLF and higher frequency signals do not penetrate sea water very far which requires the submarine to have its antenna near the surface, thus increasing submarine detectability and decreasing operational flexibility. SANGUINE makes it possible for the submarine to stay at deep depths while receiving a message clearly, remaining under protective thermal layers and free to take evasive action with speed and course changes in the face of an ASW threat. This capability of communication reception at deep depths is the single most significant advantage of the SANGUINE ELF system, cannot be provided by any other communication mode, and will provide a distinct improvement even in peacetime operations.

The Committee refers to testimony in previous years by independent experts which cast strong doubt on the operational effectiveness of the SANGUINE system. It was because of this type of information that the Department of Navy asked the National Academy of Science and Engineering to conduct an independent assessment of the technical feasibility of Project SANGUINE. In May 1972 this distinguished panel of scientists and engineers issued a report confirming the Navy's technical approach and refuting the calculations of the so-called "independent experts". In addition, experimental operational tests in 1972 using the Wisconsin transmitter test facility and experimental receivers aboard a submarine have dramatically demonstrated that SANGUINE can meet the speed, depth and data-rate requirement out to 4000 nautical miles. Environmental, ecological, and biological research conducted to date, plus operation of the Wisconsin Test Facility over the past four years, has indicated no impact in these areas of concern.

The FY 74 funds are for the continuation of the Concept Validation Phase, authorized and started in FY 73. Three competing contractors will provide us prototype system designed and cost estimates for engineering development at potential sites plus advanced development receivers. This principal contractor effort will complete on 1 April 1974. Stopping of this study and receiver design and construction effort, almost two-thirds completed as of this date, will cost the Navy nearly as much in termination costs as allowing its conclusion. It is estimated that approximately $13,000,000 will be required by 31 December 1973 to meet costs incurred and termination costs if the program were stopped. For $16,675,000 in this program element in FY 74 the Navy can complete the three contractor competitive validation phase efforts and, in addition, continue research projects and studies related to environmental/ecological/biological areas of interest, continue R&D on the submarine antenna and the design of the survivability test and evaluation program.

In January 1973 the Secretary of Defense approved the concept validation phase for SANGUINE and directed the Navy to assume for planning purposes an operational site in Texas. This has been misunderstood by many to have been an actual site decision. This was not the intention, but for purposes of obtaining preliminary system design and costs as required for Concept Validation by the competing contractors a certain baseline was required to reflect data which would support the requirements for entering Full Scale Development when approved. As presently structured the two year Full Scale Development effort, scheduled to start in FY 75 with prior congressional approval, will not require a site decision until FY 76. This will enable the Navy to intensify its efforts to obtain additional data from propagation measurements with submarines, and conclude vital ecological and biological research studies and programs. The Navy is confident that the above efforts will be sufficient to justify the need as well as allay the fears of the public regardless of the site finally chosen.

The ultimate effect of cancelling the SANGUINE program in toto will deprive the Navy and the DoD of a survivable, credible communication system for which there is no other known or foreseeable development effort meeting

all the unique requirements to support our submarine forces, especially the requirement to free the submarine from near surface operations. In order to permit the Navy to complete the concept validation phase of Project SANGUINE, it is requested that $16,675,000 be restored, and restrictive language related to terminating the program be deleted. If it is the final determination of the Congress that this program be terminated, then at least $13 million will be required to cover liabilities already created.

SPECIAL ACTIVITIES. Justification will be provided separately.

SSBN DEFENSE. The Committee has proposed reducing the SSBN Security Program by $2,000,000 to a new level of $16,776,000 on grounds that a large increase in FY 1974 is not warranted by indications of threatening developments in antisubmarine warfare by any opponent. The amount allowed for the SSBN Defense program in FY 1973 was $11,753,000. This was a reduction from the amount in the President's budget of $20,435,000. This reduction reflected Congressional direction to realign the fiscal year of Applied Physics Laboratory/John Hopkins University to coincide with the government fiscal year. The $11,753,000 was therefore a one-time special purpose nine-month budget. When proportioned for the full year, the $11,753,000 represents a $15,670,000 twelve-month program. In addition, inflationary factors for one year are included in the FY 1974 request, the effect of which is estimated at $832,000. Thus the FY 1974 amount in FY 1973 dollars, comparable to the twelve-month amount of $15,670,000, is $17,944,000. Therefore, comparisons with the $11,753,000 for nine months in FY 1973 are misleading and funding reductions based on such comparison represent major program cuts and realignments. The requested amount of $18,776,000 represents a modest, not a "large", increase over the FY 1973 program.

The invulnerability of the sea-based strategic force is the essential element of our deterrent credibility, both to our national leaders and to the leadership of potential enemies. While there is no indication that our submarine ballistic missile force is seriously threatened by current capabilities, or observable developments, in the area of ASW, there are strong indications that potential enemies are making R&D investments directed toward reducing our invulnerability. In view of the very significant USSR resources committed to this effort and the increasing importance of the sea-based strategic forces, postponing buying technical insurance required to assure invulnerability against a technically competent adversary by cutting the requested funds is not considered in the national interest.

It should be noted that this program is not "designed to develop hardware", but rather to gather and analyze information and evidence concerning possible vulnerabilities of our SSBN's. Thus the validity of the committee statement that "There is no evidence that our submarine ballistic missile force is threatened ..." rests directly on the efforts of this program. Continuance of this program is required to ensure that this committee statement will remain true.

In order to permit Navy to carry out the objectives of the SSBN Security Program, it is requested that the original level of funding -- $18,776,000 -- be restored.

STUDIES AND ANALYSIS SUPPORT, NAVY. The House Appropriations Committee recommended a reduction of $821,000 from $9,821,000 to $9,000,000 for Studies and Analysis Support, Navy in fiscal year 1974.

The Navy planned a balanced program of studies for fiscal year 1974 to be funded by requests for $9,821,000 for Program Element 65152N, Studies and Analysis Support, Navy and $7,140,000 for Program Element 65154N, Center for Naval Analyses, Navy. This total program is required to insure adequate support for program planning by the Secretary of the Navy and the Chief of Naval Operations. Now that our direct involvement in Southeast

Asia military operations is concluded these studies are focused on the identification and the management of most efficient programs for naval force modernization. The expanding capability of the Soviets to project political-military power world wide through deployment of their naval forces requires that we must structure our naval forces to ensure the naval superiority necessary to discourage and, if necessary, neutralize Soviet interference with U.S. objectives in any area of vital national interest. Recent events during the Arab-Israeli Conflict of October 1973 emphasize the importance of naval superiority to U.S. national interests and show how our continued superiority is dependent on a program of rapid modernization of all naval forces.

The Navy has planned its FY 74 program of Studies and Analyses to address specifically and only those issues which are of most immediate and vital concern to Navy program planning.

These issues include:

1. The capability of current and programmed Navy strategic and general purpose forces to accomplish the assigned missions.

2. Review of Navy acquisition and modernization programs to ensure achievement of modernization and force capability goals.

3. Review and evaluation of system costs and systems effectiveness during the development of the Sea Control Ship, LAMPS, HARPOON, TRIDENT, CAPTOR, Hydrofoil, Surface Effect Ship, Towed Array Sonar System, and all new initiatives.

4. Fleet manning policy to reduce manpower costs.

5. More efficient delivery systems for Medical Care in the Navy.

6. Reduction of Support Costs.

7. Current system performance and net threat assessment from analysis of data acquired in fleet exercises, from our military engagement in Southeast Asia and from the Oct 1973 Arab-Israeli conflict.

Even if the Center for Naval Analyses, Navy is approved at $7,140,000 as requested in the President's budget, the Committee recommendation of $9,000,000 for Navy Studies and Analyses will not support adequately the study needs of the Secretary and the CNO. Furthermore, any reduction from the funds requested for CNA in Fiscal Year 1974 would introduce the real requirement for funding in excess of $9,821,000 for Studies and Analysis, Navy.

The proposed reduction of $821,000 from the planning FY 74 Navy Studies and Analyses would force deletion of studies which are important to both near term and future Navy readiness.

This reduction would eliminate nine or ten planned efforts involving contractors and in-house Navy Laboratories in the following areas:

1. Analysis of tactical effectiveness of current sensors and weapons systems.

2. Analytical support to Fleet exercise planning, reconstruction and evaluation.

3. Identification and formalization of Naval General Operational Requirements to improve the effectiveness and efficiency of Navy RDT&E planning.

4. Advanced studies of aircraft reliability and future air weapons systems for anti-air warfare, strike warfare, and ASW.

The Navy request for $9,821,000 for studies and analyses support in Fiscal Year 1974 is the minimum level required to complement the $7,140,000 requested for the Center for Naval Analyses to achieve the balanced study program which is necessary to address the current major issues of Navy program planning. Any reduction in this request will impact adversely on operational readiness and on the efficiency of long range research and development.

Therefore, it is requested that the recommended reduction of $821,000 be restored to Studies and Analysis Support, Navy to allow for funding in the amount of $9,821,000 in FY 74.

CNA, MARINE CORPS. The HAC has recommended reduction of (MCOAG) funding request from $1,000,000 to $700,000. The MCOAG provides essential operations research support to other Marine Corps functions as well as limited support to the Marine Corps Studies Program. These functions include field test and evaluation of force structure and equipment, cost analysis for systems acquisition programs, and analytic evaluation of new tactics, techniques, and logistics doctrine for the Fleet Marine Forces during fleet operations and exercises.

Prior to FY 1973, the contract with the University of Rochester was funded on a calendar year basis from 1 January to 31 December. During the FY 1973 budget review, the Senate Armed Services Committee cut the funding by one half to phase the contract to a 1 July to 30 June time period; FY 1974 budget requests include a full twelve months of funding to carry CNA at the FY 1973 level plus a 5% allowance for inflation.

The Navy has held CNA to a constant level of manpower since FY 1972. Constant manpower is consistent with the new DDR&E policy and with our understanding with the University of Rochester which manages CNA for the Navy.

Under the continuing resolution, CNA has been operating for nearly five months of FY 1974 at the level established in FY 1972, supported through FY 1973, and requested for FY 1974. Current indications are that the appropriations bill will be passed and signed toward the end of December. Thus, if the reduction of a quarter of CNA's funds stands, the entire saving will have to be made in the remaining half of the fiscal year. This will mean that CNA's expenditures will have to be reduced not by a quarter, but rather by at least one-half.

This decrease represents a 30% reduction in requested FY 1974 funds and reduces the appropriated amount below the level of liabilities presently existing. CNA's only way of effecting savings on such a scale would be by firing employees -- in this case, roughly half the staff. However, such firings cannot be made instantaneously. Some advance notice of termination would have to be given; CNA's past practice has been to give 60 days' notice. In addition, the CNA personnel now stationed overseas would have to be brought home before their grace periods could start. To the extent that such delays in reducing the size of the staff -- and thus the payroll -- were unavoidable, the number of firings would have to exceed the 50% point. The proposed reduction amounts to 30 percent of the funding required to keep CNA at this level if applied at the start of the fiscal year. Thus, the 30% spending reduction would have to be accomplished in less than six months. To accomplish this, 12 of 20 professionals now employed in this program would have to be fired.

This action seriously constricts the analytical support the Marine Corps required to respond to DOD-required programs and to ensure adequate and objective analyses prior to the initiation of procurement programs. Accordingly, restoration of the $300,000 is strongly recommended. If it is the

final determination of the Congress that this program be reduced, a minimum of $800,000 is required to cover existing liabilities, and it is requested that no less than this amount be appropriated.

CNA, NAVY. The House has proposed reducing the CNA, Navy program by $1,640,000 to a new level of $5,500,000. Since the spring of 1972, the Navy has managed CNA under review procedures for FCRC management established by DDR&E. Consequently, the Navy has carefully reviewed the CNA program to see CNA projects address the highest priority issues and that they meet criteria of appropriateness and uniqueness. The CNA FY 74 program, as promulgated by the Director, Navy Program Planning, includes high priority studies of the protection of the U.S. sea lines of communication, carrier effectiveness, total force requirements in the Mediterranean, ocean surveillance, manpower costs, overhaul and other support issues, and other topics of central importance to the Navy. Studies account for only 60 percent of CNA's effort. The remainder is devoted to an important program of operations analysis in direct support of operating forces, including all number fleet commands and the operational test and evaluation forces. In this program, CNA provides 21 analysts to 18 commands around the world and supports them from Washington with short-term augmentation. (Since the outbreak of the Mid-East war, CNA has deployed an additional 7 analysts to the theater.)

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The Navy has held CNA to a constant level of manpower since FY 72. Constant manpower is consistent with the new DDR&D policy and with our understandings with the University of Rochester which manages CNA for the Navy.

Under the continuing resolution, CNA has been operating for nearly five months of FY 74 at the level established in FY 72, supported through FY 73, and requested for FY 74. Current indications are that the appropriations bill will be passed and signed toward the end of December. Thus, if the reduction of a quarter of CNA's funds stands, the entire saving will have to be made in the remaining half of the fiscal year. This will mean that CNA's expenditures will have to be reduced not by a quarter, but rather by at least one-half.

CNA's only way of effecting savings on such a scale would be by firing employees--in this case, roughly half the staff. However, such firings cannot be made instantaneously. Some advance notice of termination would have to be given; CNA's past practice has been to give 60 days' notice. In addition, the CNA personnel now stationed overseas would have to be brought home before their grace periods could start. To the extent that such delays in reducing the size of the staff-- and thus the payroll--were unavoidable, the number of firings would have to reach the 50% point. The proposed reduction amounts to 23 percent of the funding required to keep CNA at this level if applied at the start of the fiscal year. Thus, the 23% spending reduction would have to be accomplished in less than six months. To accomplish this, 63 of 130 professional and 67 support personnel now employed in this program would have to be fired, at least 12 field billets closed, and more than half of the study program cancelled. Such drastic cuts in an organization of the size and high quality of CNA would have a dramatic effect on the morale of those who remain. Overall, the cut proposed by the House raises the very real prospect that we would not be able to maintain a viable Center for Naval Analyses.

In CNA, the Navy has developed an organization that is familiar with Navy operations and planning, competent to assist us in solving Navy problems, and independent enough to provide objective analyses. Over the years, CNA has made many significant contributions to the Navy in the form of tactical developments, cost saving alternatives, innovative ideas, managements tools,

and solutions to operational problems that more than repay the small cost. Its highly trained and experienced staff is a valuable asset in itself, its studies are focused on major, high priority planning and operational issues with deadlines keyed to the Navy planning process. In order to permit the Navy to maintain CNA and achieve the benefit of the studies and operational analyses now underway, it is requested that the original lev el of funding --$7.140,000-- be restored.

MANPOWER EFFECTIVENESS - The House Appropriations Committee has proposed reducing the "Manpower Effectiveness" program by $500,000 to a new level of $2,095,000.

The Manpower Effectiveness program focuses on major problem areas related to the increasing complexity of Weapons Systems with greater demands for higher quality personnel, more efficient and effective education and training programs, improved manpower planning and resources control systems, and increased readiness through improved human performance.

The proposed reduction would defer the development of specific solutions to Navy problems. It is recognized that similar problems exist in other military services, and some of the technologies and data are useful across the military services. However, the Navy program request took this into consideration and the proposed reduction would seriously jeopardize Navy efforts to deal effectively with its unique manpower problems.

The objectives of this Advanced Development program are geared to the schedule for introduction of new capabilities for improving recruiting, utilization, training, personnel performance and career development. The cost benefits of achieving these objectives are expected to be well above the cost of this program. Any reduction in the Manpower Effectiveness RDT&E,N program would have a major constraining effect. It is thus requested that this program be restored to the origanilly requested level of $2,595,000 for FY 1974.

MK-15 PHALANX Close In Weapons System. The Navy requests that the $23.2M currently in FY 1973 be included directly in the RDT&E,N appropriation as part of the appropriation act rather than a prior approval DD 1415 and finar by the $23.2M of FY-1973/75 OPN funds previously authorized and appropriated for this purpose. Only in this way can a critical delay in the forward progress of CIWS be avoided. The Navy also requests that final Congressiona action allow it to proceed with its preproduction prototypes (OSM) as plannec leaving it free to introduce minor improvements as they are evaluated, rather than to divert its efforts to "alternative" prototypes. It is requested that the following language be added to the Bill under RDT&E,Navy "and $23,200,000 shall be derived by transfer from "Other Procurement, Navy, 1973/1975."

The proposed House adjustment evidences an unfortunate failure by the Navy to make clear the logic and rationale for its present effort to develop and deliver to the Fleet a Close In Weapon System (CIWS). The following data is presented to provide an accurate and realistic perspective on the Navy's plan to achieve this vitally needed capability. The Navy will not object to the House report's approach of returning the CIWS to R&D, noting that the shift from a "full-funding" appropriation permits deferral of the $9.0M in WPN, deleted by the House, to a later funding period. However, for the reasons given below, the Navy takes serious issue with other aspects of the House report.

The threat consists of a variety of antiship missile, opposed by a variety of U.S. systems. The U.S. systems involved are designed to exploit the known characteristics of the enemy non-nuclear missiles at appropriate points in their flight envelope. Thus, high performance fighters and area defense systems are expected to take their toll of incoming missiles programmed for high-speed, high-altitude flight preceding the final low-level approach. Increased atmospheric density at low altitudes has two effects: (1) it slows a constant thrust

missile designed to fly fast in the thinner air at higher altitudes: and (2) it makes the slower speed necessary to avoid the high air-friction temperatures which would destroy sensitive missile warhead/guidance components. Since some missiles are expected to penetrate outer area defenses and reach this stage, or, in the case of the [deleted] a system is needed to prevent their reaching our ships. "CIWS is a short-range hard-kill weapon system intended for last-ditch ship defense which complements other installed defensive missile or gun systems. Taken together, these hard-kill defensive systems will provide a highly credible and effective defense against the Soviet missile threat. Even as a stand-alone defensive system, the CIWS will proviee a high probability of defeating most Soviet missiles. (deleted) the capability of CIWS and because of its (deleted) CIWS, as currently designed, can counter (deleted) Soviet missile inventory."

The Navy has in hand 2 engineering prototypes of CIWS designed to demonstrate desired weapon characteristics and to identify areas requiring modification. Experience with the prototypes has emphasized the need for higher reliability, and the Navy is aggressively pursuing this goal, both in an R&D sense and in the follow-on engineering work to be mounted in conjunction with building the Operational Suitability Models (OSM). These units will be used both for the advanced testing of the system, and for demonstration of reliability and validity of design in a variety of ship types. The R&D testing to date has moved toward the cumulative demonstration of system capabilities. It is suitably resistant to shipboard vibration and motion. Its independent radar successfully and consistently detects, evaluates and tracks incoming targets. The automatic features of the system enable it to react and open fire within [deleted] at the point in the target's approach appropriate to its speed. The demonstrated accuracy and high rate of fire achieved by CIWS, aided by electronic closed loop spotting features, has shown that the number of hits required to destroy the missile or its warhead can be achieved. The use of very high velocity, high density material permits the bullets to achieve impact damage normally associated with larger calibers, and minimizes the number of hits required in the very brief firing cycle of the weapon. The cross-section on the principal target used to date is as small or smaller than that of any Soviet antiship missile. Target speed in most tests has been up to speeds of [deleted] due to target limitations, but extrapolation of known reaction times, bullet speed, and impact energy against terminal missile velocities shows that targets [deleted] could be successfully countered by CIWS. In the next phase of testing, the Navy will use a variety of free-flying drones and missiles configured with warheads as targets to further demonstrate system capabilities.

Program status is as follows. The Navy urgently needs a CIWS system to fill a known gap in its defenses, and it believes that in PHALANX it has a workable system in hand, albeit in prototype form. The Navy:

1. No longer intends to procure 45, or indeed any number of CIWS units in FY-75 as reflected in the House report. This was originally proposed but has subsequently been modified to eliminate undesirable concurrency and permit further testing.

2. Takes issue with the House report, in that it believes that the testing to date has been realistic for its intended purposes. It is true that corrective design/engineering effort and continuing evaluation of potential expansion of system capabilities lie ahead in the normal

course of development and transition to production. At-sea testing on KING to date includes eight firings, seven successful with multiple hits.

3. Is satisfied with the high-velocity, high-density (depleted uranium) 20 mm. ammunition to achieve target destruction.

The Navy shares the desires of Congress not to procure CIWS until it has demonstrated the ability to perform realistically in an operational environment. To date, the Navy has examined a variety of system factors, balancing such items as weight, magazine capacity, rate and duration of fire, multiple engagement probability, etc, to arrive at an acceptable configuration. This is at hand, and, with suitable engineering effort for which the programmed funds are in part intended, can be produced in time to fill an urgently needed counter to nearly all of the projected Soviet ASCM threat.

In short, the Navy doubts the desirability of turning to "alternative" prototypes rather than pressing ahead within the currently planned framework. Such a change in program direction would cost the Fleet an estimated [deleted] in filling a critical defensive gap. The Navy does appreciate the need to keep abreast of a long-term projected threat, and will continue to evaluate possible capability expansions for inclusion in an advanced configuration. The currently engineered CIWS system is designed with sufficient growth potential to make modular changes if threat parameters change. For instance, [deleted] could be increased, or [deleted] changed.

Pacific Missile Range. It should be noted that although the HAC Report assumes that at least some part of the $8.2 million cost of conversion can be saved in FY 1974, and directs that this amount be deferred for obligation and applied to FY 1975 requirements, the $67.166 million recommended for enactment does not include any funds associated with conversion to contractor operation, since budgeting for this amount is contingent upon demonstration that contractor operation will actually result in savings. On this basis, all budgeted FY 1974 funds are required for execution of the FY 1974 program, and no "savings" will be available for application to FY 1975 requirements.

The Navy plan is based upon the assumption that contractor operations should be less expensive than government operations at the Pacific Missile Range. Comparative costs cannot, of course, be precisely determined unitl proposals have been submitted by prospective contractors. It is expected that proposals will be solicited in January 1974. Interest has been noted on the part of the number of firms which have had previous experience in range operations and we have every expectation that proposals will confirm the preliminary indications. It is the Navy's stated plan to convert to contract operation only if contractor proposals result in a net annual savings in operating cost. If the decision is made to convert PMR to a contractor operated facility, the incremental amounts required for conversion would be requested commencing with the FY 1975 Budget request.

RESEARCH, DEVELOPMENT, TEST & EVALUATION, AIR FORCE

(Thousands of Dollars)

FY 1974 Estimate, as amended	$3,192,000
House Appropriation Adjustments	- 194,000
House Bill	$2,998,000
Restoration Requested	+ 47,600
Current DOD Request	$3,045,600

Requested for Reconsideration:

(Thousands of Dollars)

Item	Budget Request As Amended	House Bill	Restoration Requested	Current DOD Request
Adv Med STOL	$ 67,200	$ -0-	$+ 65,200	$ 65,200
SCAD	22,000	5,000	+ 6,000	11,000
Drone/RPV's	14,400	5,000	+ 3,400	8,400
ABRES	95,300	90,000	+ 5,300	95,300
Missile Atck Assess	10,300	1,000	+ 7,700	8,700
Mil Astro-Intel & Comm	370,300	350,000	+ 20,300	370,300
Sat Sys Prec Nav	10,700	3,500	+ 7,200	10,700
Environment	9,500	8,000	+ 1,500	9,500
Materials	26,000	25,000	-0-	25,000
Base Security	3,600	2,700	-0-	2,700
Human Resources	8,200	5,200	+ 3,000	8,200
Space Shuttle	5,500	4,000	+ 1,500	5,500
Transfers from Procurement	-	86,200	- 73,500	12,700
Other Authorized Adjustments	-0-	-136,600	-0-	-136,600
All Other	2,549,000	2,549,000	-0-	2,549,000
TOTAL	$3,192,000	$2,998,000	$+ 47,600	$3,045,600

JUSTIFICATION

Advanced Medium STOL Transport. The House deleted funds for continued development of a medium transport aircraft, based on the belief that the C-130, as now configured and possibly with modifications, will suffice as a future tactical airlift transport. Further, the Committee report objected to the size and cost of the AMST and stated that an effective, efficient production version would require a new engine. It was recommended that FAA or NASA undertake development of a STOL commercial transport if deemed warranted.

The impact of this reduction would cancel the AMST prototype program. Denial of funds for the AMST program will stagnate the transport development. Further, it will result in virtually single source to provide medium tactical airlift aircraft for the foreseeable future.

Prior to FY 1974, the AMST and Advanced Turbofan Engine (ATE) were carried under the same Program Element. Although the intent was simply to reduce the number of programs, it created the impression that the AMST and ATE development were interdependent.

Extensive analyses and trade studies verify that an effective and efficient production AMST aircraft can be built with existing engines. Development of a new engine is not required for a prototype or production AMST to meet

performance and design goals. The use of existing engines for the AMST complies with Congressional direction to make every effort to use an existing engine in the Medium STOL Transport aircraft.

The predominant task for tactical airlift will be to transport troops and cargo from the delivery locations of the strategic modes of transportation to forward locations. The interface with the strategic modes of transportation will be located in rear areas several hundred miles from the combat area. Analyses have indicated that the tactical airlift workload can be accomplished for the least cost by a widebodied aircraft, such as the AMST.

The cargo compartment cross-section of the AMST will permit transportation of many weapons systems outsized to the C-130 or a C-130 STOL. Important firepower weapons and their crews, such as the 155mm and 8 inch self-propelled howitzers can be airlifted by the AMST. Additionally, the AMST can airlift newly developed Army vehicles such as the VULCAN, CHAPARRAL, and all the GOER family, along with personnel to operate these vehicles.

The capability of the AMST to operate from 2000 foot fields would greatly increase the number of runways available for use in a given area, essential in the NATO environment. For example, in West Germany there are about three times as many airfields suitable for use by the AMST as for the current models of the C-130.

The Air Force has considered several alternatives to modernize the short takeoff and landing capabilities of the tactical airlift force. Two alternatives appeared to offer a potential solution: (1) supplement the current C-130 force with a short takeoff and landing version of the C-130, or (2) incorporate a short takeoff and landing capability into a new C-130 size turbofan powered aircraft. Forces, including these aircraft, were analyzed while supporting a major NATO contingency. The analysis indicated that the ten year system cost for the force composed of the current C-130's and a short field takeoff and landing capable C-130 would be about 44 percent more costly than a force composed of AMST's.

By virtue of its payload, cargo compartment size, and shortfield performance, the AMST would provide a strong and necessary link between the strategic modes of transportation and the Army's organic transportation system. Without the AMST, only the Heavy Lift Helicopter (HLH) will be available in the theatre to airlift outsized vehicles from seaports to the forward area when time constraints dictate that the cargo must be delivered by air. However, the HLH is designed to perform a maximum of two 25 NM radius missions without refueling; thus, it is not capable of providing the interface with strategic airlift.

The AMST Prototype Program has been under contract since November 1972. Under the Continuing Resolution Authority expenditure of funds has been made at a pace consistent with planned funding of $65.2 million for FY 1974. A total of $22.2 million has been expended this fiscal year, of which $11.0 million is FY 1974 funds and $11.2 million was carried forward from FY 1973. The FY 1974 obligation through November 1973 is approximately $50.9 million. The current expenditure rate per month is $7.3 million. Total expenditures to date on the AMST are $39.0 million.

In view of the essential requirement for force modernization, the competitive approach insured by continuation of the AMST program and the loss of FY 1974 and prior funds already committed, it is requested that the $65.2 million in funds for this program be restored in the Appropriations Bill.

Subsonic Cruise Armed Decoy. The House recommended an additional reduction of $6.0 million. The $5.0 million approved was considered to be sufficient to carry forward SCAD related technology efforts until the future of the requirement for this technology can be more firmly established. The report further states that if SCAD contracts had been terminated promptly upon

the decision to discontinue engineering development, there should be ample residual funds available for necessary technology efforts.

Cancellation of the engineering development of SCAD was directed on the basis of an assessed disparity between cost of and need for the system. All contracts were promptly cancelled except for the airframe contractor (Boeing), engine contractor (Williams), and decoy electronics (Philco-Ford). The Philco-Ford contract involved design evaluation in ground simulators and was completed in September 1973. The airframe and engine contracts were not terminated but placed in a stop work status because of the direct application to the reoriented technology program. The reoriented program is now directed toward developing the technology base essential for advanced capability cruise missiles. The technology program is essential to keep alive an option to undertake development of SCAD systems with a minimum of lead time should the threat to strategic force materialize more acutely or more rapidly than projected. The reduced funding will make available only about $1.5 million in FY 1974 for productive effort on activated contracts and will not support significant component technology development work this late in the fiscal year.

The effort planned for FY 1974 is to continue the SCAD air vehicle design effort through critical design review, complete design refinement and initial fabrication on prototype engine, and verification testing of guidance system components. The reduced funding will not support efforts on any of the planned tasks and will delay flight demonstration by six to ten months.

The successful demonstration of this component technology work during FY's 74 and 75 will protect the option for the development of an air launched cruise missile in subsequent years. Such understanding of this technology is critical to verifying the potential performance and operational capability of an air launched cruise missile system.

It is requested that $6.0 million be restored.

Drone/Remotely Piloted Vehicle System Development. The House deleted $3.4 million. The Committee reported that all of the military services are independently pursuing the development of remotely piloted vehicles and drones. The report stated that although there have been some efforts to coordinate these programs and to produce drones which will be utilized by all three services, for the most part, this effort has been unsuccessful.

The funds requested are for development of operational Air Force reconnaissance remotely piloted vehicles. There are no similar development efforts underway in either the Army or the Navy. The developments have been closely coordinated with the Navy to insure that the resulting vehicles will satisfy similar needs in the two services.

An example of duplication cited in the House report was for target drones. The technology for target drones in a test and training environment differs markedly from that required for reconnaissance drones in a combat environment.

The major development program in FY 1974 is the Compass Cope program. Compass Cope is a two contractor prototype demonstration of a high altitude, long endurance, multi-mission remotely piloted vehicle. The program was initiated in FY 1971 and will progress into the flight demonstration phase in late FY 1974 and early FY 1975. The objective of this development is to validate, through flight testing, the concept of using an unmanned vehicle for a variety of collection, relay, and surveillance functions to include battlefield and ocean surveillance. A key issue in this development is generation of sufficient flight data to indicate that an unmanned vehicle can perform these missions at a lower cost than similar manned aircraft systems.

A reduction of $3.4 million in the FY 1974 program will cause immediate cancellation of the on-going Compass Cope development prior to flight testing and demonstration of the two prototype vehicle designs. This will result in

loss of the over $20.0 million RDT&E investment to date without attainment of any of the test objectives.

It is requested that the $3.4 million be restored.

Advanced Ballistic Reentry Systems. The House reduced the request for $95.3 million to $90.0 million on the basis that the ABRES effort to develop warheads capable of penetrating ABM defense is not as urgently required as it once was.

The reduction was predicated on a decreased urgency attributed to the ABM SALT Treaty. The SALT Treaty did not limit all aspects of ABM research and development activities and there is no evidence that Soviet development activities have stopped. ABRES technology efforts are intended to maintain the offense leadtimes necessary to deploy appropriate counters should the SALT Treaty be abrogated by the Soviets and ABM deployment by them commence. Without technology efforts to keep abreast of ABM development, an ABM could be suddenly tested and deployed several years before a counter could be deployed, particularly if the ABM was an upgrade to an existing antiaircraft missile system. Development of countering technology in ABRES will discourage any attempt at such an upgrade.

It is requested that the FY 74 funding for the ABRES program be restored to the $95.3 million level.

Missile Attack Assessment. The House made a reduction of $7.7 million based on the belief that present operational systems can give adequate warning of an attack; that while early warning is important for survival of time-sensitive forces, it is less important to know exactly where missiles will impact; and that programs to achieve this capability would be extremely costly relative to potential increases in strategic capabilities.

A priority objective under the Missile Attack Assessment Program is to enhance the credibility of early warning information available from current sensors through software correlation of data generated by these systems. By this means, unequivocal warning can be achieved, minimizing the possibility of false reporting. Delay in this recognition could critically impact posture of strategic forces in the event of a real attack. Programmed activities under this element will implement these capabilities by FY 1975 in four national command centers.

While the utility of knowing exactly where all missiles in an attack will impact is open to question, and achievement of this capability could be costly, this is not the intent of the proposed program. There is clear utility in early recognition of the general character of an attack, such as its approximate size, and [deleted] capability can be achieved for a relatively low cost, since the same software being developed for correlation of data for warning credibility can give indications of attack character. Total funds to achieve both these capabilities are approximately $10.0 million, which includes $5.7 million in fiscal year 1974.

Of the remaining $3.0 million requested in FY 1974, $2.6 million is needed to conduct RDT&E activities associated with phased array radars for Submarine Launched Ballistic Missile (SLBM) detection. These radars would replace existing radars of the 474N SLBM Detection and Warning System, which have become obsolescent with respect to [deleted]

The remaining $0.4 million is for studies of lower cost means to perform missile launch detection from satellites, in an attempt to minimize costs associated with the total warning function.

It is requested that the funding for the Missile Attack Assessment program be restored to the $8.7 million level.

Military Astronautics and Related Equipment Intelligence and Communications. The House made a reduction of $20.3 million from the request of $370.3 million.

The substantial dollar increase between FY 1973 and FY 1974 was because of increases in high priority, classified programs. The nature and importance of these programs can be provided in special classified briefings. It is requested that an opportunity be provided to present the briefings to remove any doubt of the importance of these programs and the necessity that the $20.3 million reduction be restored.

Satellite System for Precise Navigation. The House made a reduction of $7.2 million on the basis that the Defense Navigation Satellite System (DNSS) would be a separate Air Force satellite system to support a strategic weapons system which the Air Force has not yet approved.

The DNSS is not a separate satellite system required by the Air Force but a joint Service program managed by a joint program office. It would be a national asset which could also support suitably equipped civil users. The Air Force has been designated the Executive Service for the DNSS. The program management philosophy is to fully integrate Army, Navy, Air Force and Marine Corps requirements.

The joint development program leading to a DNSS has used a TRANSIT technology and also includes, as an integral part, the Navy's Timation navigation technology satellites. The DNSS would be a follow-on program to TRANSIT, but with a much broader user population. Timation III, to be launched later this fiscal year, includes both Navy and Air Force experiments to support development of the DNSS. All of the Services will participate in the joint test program.

The DNSS is a joint program because it will satisfy a broad spectrum of military requirements directed toward more accurately placing ordnance on targets. The DNSS is the only system which can continuously provide highly precise positioning data to an unlimited number of users, in all types of weather and terrain, day or night, anywhere in the world. All users of the system would operate in the same coordinate system with respect to all other users,
eliminating the battlefield coordination problems resulting from different force elements using different reference systems.

Unlike other radio navigation systems, the DNSS does not require overseas ground stations. Should military forces be deployed to an overseas area, they would have an in-being positioning system. They can take immediate advantage of its capability in coordinating military operations.

DOD now has a multitude of positioning/navigation systems and equipment which were built to meet specific military areas of each of the Services. The DNSS, with its universal performance, would provide the opportunity to reverse the trend in proliferation of special purpose positioning and navigation systems. Further, the DNSS equipment for all Services will provide maximum commonality and interchangeability of parts since it will be developed by a single DOD program office.

The development approach for a DOD positioning system, with application to a broad base of military requirements, will avoid many of the disadvantages associated with the development, production and operation of earlier positioning and navigation electronic equipment.

The impact of the proposed reduction of $7.2 million will be to immediately stop all development and testing leading to the DNSS and denial of the essential positioning capability it could provide to all United States military forces.

It is recommended that $7.2 million be reinstated in the FY 1974 Budget.

Environment. The House made a reduction of $1.5 million from the $9.5 million request for exploratory development in the area of Environment on the basis that much effort is being done elsewhere in the federal government, state and local governments, and in the private sector, in research and development related to environmental matters.

The request is for an increase in work related to the effect of the environment on Air Force systems. Similar work is not being addressed by other government agencies or the private sector. The request for an increase of $2.5 million over the FY 1973 request is caused by added emphasis in areas of unique interest to the Air Force.

a. Upper Atmospheric Environmental Effects and Predictions +$1.0 Million. Research is required to measure upper atmosphere density and winds to improve present theoretical models. These data will reduce the circular error probability of the ballistic missiles deterrent force.

b. Ionospheric Environment +$.4 million. Work is needed to predict the Arctic ionosphere six hours in advance to allow improved control of radars and communications systems.

c. Optical and Infra-red Environment +$.3 million. Increased effort is required to make rocket measurements of high altitude infra-red emissions to determine the ability of detectors to look at the horizon background.

d. Weather Observation and Prediction +$.4 million. Takeoffs and landings are most critical to air operations. Increased effort is required to improve 0-3 hour terminal forecasts and to provide improved severe weather warning forecasts.

Other minor increases which total $.4 million are planned in Reentry Plasma Effects, Geophysical Effects on Systems and Space Environmental Prediction.

It is requested that the $1.5 million be restored.

Human Resources. The House made a reduction of $3.0 million in the Human Resources Program on the basis that there are similar programs in other military services and outside of the Department of Defense, both in and out of the government, and suggests that the Air Force make maximum use of resources available outside of the Air Force for assistance in this area.

The $8.2 million program for FY 1974 is approximately $2.8 million above the FY 1973 program. The increase is for rental/purchase of a UNIVAC 1108 computer ($2.4 million) and civilian pay ($.4 million) needed to continue advanced development programs in flight simulation and advanced instructional systems.

The rental/purchase contract for the computer was signed on December 14, 1972 and provides for 100% credit for rentals paid during the first 10 months after installation and acceptance, a total of $1.2 million to be applied toward the purchase price provided the option is exercised during the initial 10-month period. Additionally, the contract offers a discount of 50% from the list price during the period. Acceptance date for the UNIVAC 1108 was September 30, 1973. The reduction will cause a loss of this valuable dedicated computer asset for which $.4 million has been invested toward the purchase price of $2.4 million. Failure to retain the computer will result in continued deferral, delayed initiation of, and inability to carry out necessary data processing for programs which are designed to provide improved

methods for utilizing Air Force personnel resources in the following areas: improved pilot and navigator selection procedures to minimize attrition rates; analyses for development of contingency plans for manning the force given anticipated diminishing supply of high aptitude applicants; impact of work related factors on job satisfaction; identification of nonessential elements in technical training programs; revalidation and establishment of applicable standards for the Armed Services Vocational Aptitude Battery (ASVAB); a DoD selection test; development of work related job performance criteria; and implementation of models to assess impact of proposed personnel policies.

The civilian personnel increase is required to provide qualified individuals for increased emphasis in flight simulation and advanced instructional systems R&D. Both are high cost training areas in which the potential pay-off from R&D is significant. Progress has been encouraging and failure to maintain the momentum gained will have the following adverse impact: inability to determine the degree that simulator time can be substituted for flying time; delay in trade-off analyses between training effectiveness and degree of simulator fidelity, complexity, and cost; deferral in matching instructional material to student aptitude and personnel characteristics; delay in identifying the optimum design characteristics of computer managed instructional systems.

The Air Force Human Resources Program is directed primarily toward cost effective solutions to Air Force personnel problems. Examples include part task trainers and simulators for Air Force weapon systems; the use of human resource data in the design of weapon systems; computer based models for Air Force personnel systems and aptitude requirements for Air Force jobs. To preclude duplication of programs in this area, the Air Force is guided by DoD directives and the Human Resources Technology Coordinating Paper which provides a mechanism for coordination of programs of the military services and defense agencies. Knowledge gained from research conducted by the other military services and the Advanced Research Projects Agency (ARPA) plays an important role in the Air Force program. In FY 1974, the Air Force is participating with ARPA and the other military services in a $1.1 million advanced training technology program.

It is requested that the $3.0 million be restored.

Space Shuttle. The House made a reduction of $1.5 million on the basis that the amount remaining ($.0 million) is adequate to maintain necessary Air Force studies of possible Air Force utilization of the space shuttle program.

Air Force efforts are keyed to the NASA development schedule which will have Preliminary Design Review in mid-1974. It is critical that DoD design requirements and operational support system needs be provided to NASA by the Air Force during the design phase if the system is to satisfy operational needs without resulting in severe impacts or unacceptable cost of ownership.

Specific areas are essential in the planning to meet the schedule for the development and use of Vandenberg AFB in December 1982. While NASA is designing the Shuttle ground and flight support equipment for Kennedy Space Center (KSC), the Air Force must define and assess the impact for those elements needed for Vandenberg to insure commonality and compatibility with the KSC equipment and to reduce the overall operating cost of the system for Vandenberg. Another area is software. DOD software requirements for its missions must be developed and provided to NASA for incorporation in their development program, otherwise the cost of modifying the software and implementing it later will be unacceptably high. DOD must define the configuration and type of minimum upper stage required to meet its needs for high energy missions. The FY 1974 effort also requires analysis and assessment of the type of upper stage and payload transition and modification cost to assure that a proper and adequate upper stage development approach can be pursued. After Preliminary Design Review, the DOD must conduct a full assessment of the utility of the system for military operations to support decisions for future use and participation in the program.

Deletion of the $1.5 million from the Space Shuttle Program will preclude adequate in-depth definition studies and analyses that are needed by the DOD to understand the impact and cost of the Shuttle for DOD operations, including the cost and planning for transitioning of payloads from expendable launch vehicles to the Shuttle.

It is requested that the $1.5 million be restored.

Transfers from Procurement. The House transferred $86.2 million from the Aircraft Procurement/Missile Procurement/Other Procurement, Air Force accounts into the RDT&E account for a variety of effort which was felt to be developmental in nature.

It is requested that $73.5 million be deleted from the RDT&E Air Force account and restored to the applicable Air Force procurement accounts as the effort in question is not developmental but rather: (a) improvement within the current performance envelopes of items which are in production, (b) procurement of software packages for developed hardware/systems, (c) integration of developed hardware/software, and (d) systems engineering support of developed items.

No appeal is made to return the funding for the LORAN-D Ground Chain System ($12.7 million) from RDT&E, AF back to OP, AF.

SECTION 718. QUALIFICATIONS FOR ENLISTMENT

House Bill

Section 718. None of the funds in this Act shall be available for the enlistment or pay of non-prior service personnel during fiscal year 1974 when the enlistment will cause the percentage of non-high school graduate enlistments of the Service concerned to exceed 45 percent or the Mental Category IV enlistments to exceed 18 percent of the total non-prior service enlistments for the entire fiscal year.

Department of Defense Position

The Department of Defense strongly objects to Section 718, and urges its deletion.

Justification

The legislation would unnecessarily limit the responsibilities of the Secretary of Defense and other responsible officials in the Services in the establishment and implementation of policies regarding the recruitment and selection of military personnel. Present Defense policies permit service recruiting and selection officials to choose the best available applicants among those qualified to meet service training and entry job requirements. None of the Services' qualifications for specific enlisted jobs require high school graduation. A non-high school graduate may qualify for a specific job if he has the ability to learn the skills and to perform successfully.

The qualifications of new personnel include their physical and medical fitness, their character and moral standards, their trainability, and their motivation and discipline. Medical fitness can be measured by physical and medical examinations; character and moral standards can be evaluated through personal history statements and police records checks; and trainability can be determined through job related aptitude tests. Motivation and discipline are more difficult to measure in advance of actual performance in service. Completion of high school has been used as a predictor of service performance because nine out of ten high school graduates became successful performers in service; however, eight of ten non-high school graduates also became successful performers. The legislation could result in the denial of enlistment to otherwise qualified non-high school graduates - eight out of ten of whom would probably be successful performers.

The legislation enacts elements of discarded systems and policies into law by legislating quota limitations on the proportion of below average (Mental Category IV) personnel who may be enlisted. Quotas on Mental Category IV's were used in the draft era to assure that the Army (the chief user of the draft) received a fair share of above average personnel. This was accomplished by compelling other Services to take more below average personnel than they otherwise would have accepted. This quota system is no longer used. The mental categories under the old draft era system were based on the Armed Forces Qualifying Test which has been discarded and replaced by job-related aptitude tests which the Services consider to be better tests.

The legislation would not contribute to the effectiveness or the efficient management of the Military Services. All new personnel accepted are qualified for a number of jobs and are considered to have the potential to become good servicemen. Those who do not meet service standards of performance are separated as early in service as their lack of potential is identified.

The proposed quota limitation may eliminate many otherwise qualified non-high school graduate male personnel from enlistment. The successful record of many non-high school graduates can be demonstrated by the proportion of non-high school graduates in the career force. For example, 56 percent of the men who were in the Army career force in June 1972 were non-high school graduates when they enlisted.

During the draft era, the proportion of Mental IV's who entered each year exceeded the proposed legislative limit of 18 percent in one or more of the Services. The proportion of Mental IV's who entered the Army, the chief user of the draft, in selected typical years, are shown below:

Fiscal Year	Mental IV's as Percent of Army Accessions
1954	29.8
1959	20.9
1964	19.0
1966	23.4
1969	27.5
1972	18.8

The number of Mental Category IV men who enter a volunteer force should not be governed by legislative restrictions. The legislation is unfair and discriminatory. A larger proportion of Mental Category IV's were required to serve in the draft era and would be required again in event of a wartime expansion of the Services. The number of below average men who enter service in a volunteer era should be governed by the requirements of the Services for the men and the supply of better qualified men available.

It is recognized that one of the objectives of the legislation is to assure that a larger proportion of high school graduates and personnel of average and above average mental abilities enter the Services. The Department has proposed enactment of wider enlistment and reenlistment bonus authorities as a means of accomplishing this purpose. The use of the present authorities has not only facilitated the enlistment and reenlistment of the quality of personnel needed in critical skills but also has been cost effective in reducing turnover and avoiding training costs. The Congress has not yet enacted the requested legislation. Enactment of the proposed legislation would enable the Department of Defense to enlist more high school graduates and more personnel of above average mental abilities thereby accomplishing one of the purposes of Section 718.

SPECIALTY METALS (SECTION 724)

House Bill

SEC. 724. No part of any appropriation contained in this Act shall be available for the procurement of any article of food, clothing, cotton, woven silk or woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated fabric, wool (whether in the form of fiber or yarn or contained in fabrics, materials, or manufactured articles), or specialty metals not grown, reprocessed, reused, or produced in the United States or its possessions, except to the extent that the Secretary of the Department concerned shall determine that a satisfactory quality and sufficient quantity of any articles of food or clothing or any form of cotton, woven silk and woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric, wool grown, reprocessed, reused, or produced in the United States or its possessions, or specialty metals cannot be procured as and when needed at United States market prices and except procurements outside the United States in support of combat operations, procurements by vessels in foreign waters, and emergency procurements or procurements of perishable foods by establishments located outside the United States for the personnel attached thereto: *Provided*, That nothing herein shall preclude the procurement of foods manufactured or processed in the United States or its possessions: *Provided further*, That no funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations: *Provided further*, That none of the funds appropriated in this Act shall be used except that, so far as practicable, all contracts shall be awarded on a formally advertised competitive bid basis to the lowest responsible bidder.

Department of Defense Position

The Department of Defense is opposed to the inclusion of specialty metals in this section. This provision, with limited exceptions precludes the purchase of items containing such metals unless the specialty metals have been melted in domestic mills.

JUSTIFICATION

This restriction on specialty metals was first included in the FY 1973 Defense Appropriation Act. DoD was opposed to its inclusion in that Act. We continue to oppose it on two basic grounds. First, it is an administrative burden on our many contractors and subcontractors. Although our implementation has been such as to avoid some of the administrative burden, the application of the restriction in all major hard goods procurements affects many prime contractors and thousands of subcontractors, who are required to determine the source of any specialty metals used. As a practical matter, it is likely that the current provisions are often honored in the breach.

Second, in our view the specialty metals industry would derive little benefit from this restriction. Over an eight-year period, including most of the Southeast Asia conflict, DoD (direct and contractor) requirements for specialty metals were less than 4% of the U. S. production of such metals. Such a small percentage would have only a token effect on the specialty metals industry.

Representatives of the industry, in testifying before the House Subcommittee on Defense Appropriations, indicated that the restriction had been helpful. However, the current high demand for specialty steel and other metals from commercial sources has caused a boom in the industry. Therefore, we believe that to attribute any upturn in the specialty metals industry to the restriction is highly conjectural and not supportable.

We believe the restriction to be particularly hard on firms delivering commercially oriented items to Defense. For example, the truck and automobile firms with multinational interests find it somewhat absurd to have a problem delivering a $25,000 truck that has a $3 bearing made out of foreign melted specialty metal. Generally, defense business in these firms is small in relation to total sales. It is possible that sources for commercial type items may be limited in the future because of the restriction.

Additionally, several of our allies, such as Canada, have been most disturbed with the restriction and the difficulty they experience in supplying U. S. defense needs when procurement from them otherwise seems most desirable. This appears especially unfair to Canada which buys considerably more of these specialty metals from the U. S. than the U. S. buys from Canada.

For these reasons, the Department urges deletion of specialty metals from this provision.

TRANSFER AUTHORITY

House Bill

Section 735 of the House Bill provides $500 million in transfer authority.

Department of Defense Position

The Department requests that $800 million in transfer authority be provided, $300 million more than in the House Bill. The additional $300 million would be available only for transfer among the legal subdivisions within the 5 major operation and maintenance appropriations.

JUSTIFICATION

The FY 1973 Appropriation Act provided $750 million in transfer authority, of which $670.8 million was used.

Beginning on July 1, 1973, however, (that is, the start of FY 1974) the 4 service O&M appropriations have been subjected to limitations at the budget activity level. Thus, "Operation and maintenance, Army," was, through FY 1973, a single appropriation. It now contains 8 legal subdivisions of funds. Similarly, the O&M account of the Navy now includes 8 legal subdivisions; the Marine Corps 5; and the Air Force 9.

Had these legal subdivisions been in effect for FY 1973, at least $228 million in additional transfer authority would have been needed to shift funds among these subdivisions, within the appropriation totals.

We have done all that we can to anticipate requirements, and to update, so as to minimize the needs for shifts among subdivisions. The budget amendment was a major step in this direction, and in this appeal we are requesting some redistribution in cases where House reductions were inadvertently applied to the wrong fund subdivisions.

Nevertheless, the Department is deeply concerned with the prospect of operating through the full fiscal year FY 1974 with operating funds divided into so many separate legal pockets. These funds support the operations of our forces throughout the world. They are subject to a wide variety of unpredictable changes, involving prices of goods and services, pay rates (nearly half of the pay is locally established), currency revaluations, operational changes and so forth. Under the circumstances, it is possible that needs for shifts within these appropriations could require a large part of the $500 million in transfer authority in the House Bill, leaving little or nothing for transfer between appropriations.

The extra $300 million requested for transfer within the major O&M appropriations is less than 1 1/2% of the total of such appropriations. This money could not be used to augment any appropriation in total. An increase within "Operation and maintenance, Army" for example, would have to be offset by a decrease within that appropriation. Because of our lack of experience in administration of so many fund subdivisions in these worldwide operations accounts and the many uncertainties in areas of pay, price, currency, and operational matters, we believe that the provision of additional transfer authority under the restrictive conditions specified is clearly warranted.

Limitation on Military Officers by Grade

House Bill

Sec 742 (a). During the last quarter of the fiscal year 1974, no funds appropriated by this Act shall be used for the pay, compensation or allowances of commissioned officer personnel on active duty in the Armed Forces (excluding Reserve Officers on active duty training or Reserve Officers ordered to active duty for periods of thirty days or less) in excess of the following numbers in each grade:

Ranks	Army	Navy	Marine Corps	Air Force
O-10 General or admiral	13	10	2	14
O-9 Lieutenant general or vice admiral	47	45	8	39
O-8 Major general or rear admiral	174	104	24	141
O-7 Brigadier general or rear admiral	232	145	33	196
O-6 Colonel or captain of the Navy	5,080	4,000	594	6,000
O-5 Lieutenant colonel or commander	11,450	8,000	1,500	13,965
O-4 Major or lieutenant commander	17,580	14,800	2,880	21,600

Department of Defense Position

The Department is opposed to the enactment of the new Section 742 on the grounds that it imposes inefficient and inequitable restrictions on the number of officers by Service who may serve in grades O-4 through O-10.

Justification

The Section can cause inefficiency by restricting each Service to a fixed number of O-9 and O-10 officers to fill positions of importance and responsibility which are designated by the President and confirmed by the Senate in each individual case. Approximately one third of these positions are outside of the individual services in Defense or joint activities. The Section would place restrictions on the President and the Secretary of Defense as to who could serve in these out of service positions or it could act to create unnecessary turbulence at the highest military levels. For example, the Navy total of 10 officers in grade O-10 includes the Chairman of the Joint Chiefs of Staff. Should the incumbent retire, it would be necessary to ask Congress to change the limitations contained in the Section, unless the President desired to appoint another Navy officer as Chairman or to unnecessarily change the Service occupancy of another O-10 position to meet the Committee restriction. Chairman Mahon, in a letter to the Secretary of Defense of March 29, 1973, recognized the difficulties of imposing Service limitations on O-9 positions when he limited the Department of Defense to an average strength of 140 O-9s during FY 1974.

The Section is inequitable in that the restrictions it imposes in some cases vary among the Services for no apparent reason. For example, the Marine Corp is assessed a reduction of 5.6% in total generals, vis-a-vis reductions of 2.5% to 3.2% for the other Services, and a reduction of 4.0% in majors vis-a-vis 0.7% to 0.8% for the other Services.

The Department of Defense has, as noted in the Committee Report, already submitted legislation which would modify tenure for officers in grades O-5 and O-6. It is pointed out, however, that this legislation will not produce reductions in O-5 and O-6 until seven months after enactment since officers selected for early retirement are not retired until the first day of the seventh month after notification. Thus reductions from this authority cannot take place in the last quarter of FY 1974 to meet the Committee restrictions. The Department does, however, anticipate significant reductions in O-5 and O-6 in FY 1975 stemming from this legislation.

It is the intention of the Department of Defense to reduce the numbers of officers serving in higher grades to the minimum consistent with the short-and long-term needs of Defense. Reductions have already taken place. It is expected that further reductions will stem from an ongoing review of headquarters staffing as well as another more general review of total officer manning by number and grade. The Department anticipates reductions in FY 1975 but is desirous that the reductions be allocated efficiently and equitably among the Services.

The Department believes this can best take place under existing permanent law or as a product of changes to existing permanent law relating to tenure for O-5 and O-6 rather than by rider to an appropriation act.

REPROGRAMMING AND TRANSFER OF FUNDS

House Bill

"Section 746. No part of the funds in this Act shall be available to prepare or present a request to the Committees on Appropriations for the reprograming of funds, unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which reprograming is requested has been denied by the Congress."

"Section 735. ... Provided, That such authority to transfer may not be used unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated, and in no case where the item for which funds are requested has been denied by Congress:"

Department of Defense Position

The Department of Defense recommends the deletion of section 746 and that portion of section 735 quoted above.

JUSTIFICATION

If these provisions are reasonably interpreted, the Department of Defense believes they would be harmless but unnecessary. The intent of these provisions, as we interpret it, is almost certain to be observed in the normal course of events under present arrangements. However, the provisions are subject to unreasonable interpretations, and could be harmful.

For example, we of course agree with the general proposition that fund transfers or reprogrammings should always be from lower-priority to higher-priority efforts. In practice, however, choices are often severely limited. Conditions can arise wherein certain types of costs may rise unpredictably, and they may be unavoidable in the short run. This can occur in the payroll area, for example; in connection with sharp price increases for goods and services; currency revaluations; production slippages, strikes, shortages, etc.; and damages and acts of God. Where wage board pay settlements are higher than anticipated, the Department has no choice but to pay the prescribed wages. Even outright discharge of the employees involved might actually increase payroll costs for several months, due to notification periods and separation payments. The Department cannot simply shut off light and heat, or stop feeding troops, to meet a fund shortage. Similarly the Department must meet unpredictable problems or damages to certain weapons that are needed immediately -- involving repairs, modifications, installation of components, etc. -- even though this will create shortages for other weapons at a later point in the cycle.

In such cases, the Department often has no choice but to propose transfers of funds from some other area of the budget. These transfers should come from the lowest-priority area from which funds can be made available, of course. Nonetheless, the transfer might well come from a program that had -- in some theoretical sense -- a higher priority than the program to which funds are transferred. Given a year or so advance notice, the Department might have done something else. In the practical world, immediate and unavoidable costs tend to have the highest priority. There would be, moreover, a good deal of ambiguity in attempting to determine which cost increases represented "unforeseen military requirements" and which did not.

As to weapon programs in particular, Congress may have approved the production of a certain weapon beginning in the budget year. If production difficulties are encountered, it is obviously necessary to reassess priorities and to consider alternatives to meet the need which the weapon was intended to fill. A weapon that is available now may well have a higher priority than a theoretically-superior weapon that will not be available until some point in the future.

The proposed language could pose interpretative problems in connection with terminations, as, for example, when an R&D contract is terminated and funds must be found to cover an unfunded Special Termination Liability Clause. (The Senate Armed Services Committee has urged more frequent use of such clauses.) Programs that are thus terminated are, almost by definition, of very low priority -- yet additional funds must be provided for them in certain circumstances.

Thus, we would emphasize that the word "priority" is one that has meaning only in a relative sense. There are no absolute and eternal priorities in Defense affairs. Priorities involve judgment, and they change with time and circumstances. The Department would not propose any increase in funds for one program, and decreases for another, unless the Secretary believed that the former program was of higher priority than the latter, timing and all other factors considered. If the foregoing points are accepted, then the cited provisions are unnecessary. If not -- if it is intended, for example, to apply some theoretical or absolute concept of fixed priorities -- then the provisions could be highly detrimental to our Defense effort.

The provisions would also ban transfers of funds or reprogramming proposals where the item involved "... has been denied by the Congress." Once again, there is no objection to this as a general proposition. To take the most clear-cut case, an item may be prohibited by specific provisions of an authorization act, appropriation act, or both. Clearly the Department could not, and would not, propose to proceed with such an item through reprogramming or transfer. No new provisions are needed to cover such cases. Congressional denials are not always so clear-cut, however, and they may be expressed in a variety of ways. These include specific adverse floor votes in the House or Senate, perhaps involving a reduction in funds but no prohibitive language; prohibitive language in the reports of from one to four committees; and an elimination or reduction of funds for a line item by all or any of four committees, with no prohibitive language. In some cases (especially with respect to committee reports) it may be very clear that a flat prohibition is intended. In other cases, the inherent worth of the program in question might be recognized, but it might be denied or reduced in favor of some other alternative. This in turn may clearly involve judgment as to cost, performance, technical feasibility and other factors as regards the item in question and alternative systems. Where circumstances change significantly, such decisions should obviously be reconsidered.

Congressional denials thus involve a considerable range of possibilities. At one extreme, a flat prohibition may be embodied in law, and/or the facts and conditions upon which the denial was based may be essentially unchanged. At the other extreme, the denial may have amounted merely to a preference for one program in lieu of another, with the facts and conditions upon which the preference was based having changed significantly. We believe that a reasonable interpretation of the provisions cited above would not preclude a logical and desirable result under these varying circumstances. However, there is clearly no need for these provisions in order to achieve such a result. Moreover, there is always the possibility of an unreasonable interpretation.

The House Bill sets forth very cogently the reasons why some flexibility is necessary to meet changing conditions. We believe that present arrangements are fully adequate for the assessment and reassessment of relative priorities, and for assuring that the intent of the Congress is observed. If some changes are found to be necessary, we are prepared to work with the Committees in revisions to the reprogramming understandings. The matters can then be spelled out in sufficient detail, after thorough consideration, so as to assure complete understanding of what is intended. We believe that legal provisions in this area are at best unnecessary, and that they could be highly detrimental. Accordingly, it is urged that the cited provisions be deleted.

Military Assistance Service Funded (MASF)

House Report

"It is now time for a single Military Assistance Program funded in a single appropriations bill for foreign aid to all our allies. The MAP program has considerable program flexibility. Any losses of equipment and supplies sustained by South Vietnam and Laos can be budgeted through the Military Assistance Program.

The Department of Defense is directed to divest itself of the MASF program for fiscal year 1975. Any required military aid to South Vietnam or Laos is to be budgeted in fiscal year 1975 under the Military Assistance Program. This direction is consistent with both versions of the foreign aid authorization bill as it passed each House of the Congress."

Department of Defense position

Conferees on the Foreign Aid Authorization Bill have now agreed to the following language: "After June 30, 1974, no military assistance shall be furnished by the United States to Laos directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act."

Thus, the Foreign Aid Authorization Bill in its latest form is in agreement with the House Appropriations Committee Report with respect to Laos, but not with respect to South Vietnam.

It is recognized that there are strong arguments in favor of a shift to direct military assistance funding, especially with respect to Laos. There are also good reasons to continue the present funding pattern for at least one more year, especially with respect to South Vietnam. The entire matter of how these programs should be funded after FY 1974 is currently under active consideration within the Congress and in the Executive Branch as well. Final resolution of this matter must await the outcome of these deliberations.

CONCLUSION OF HEARING

Chairman McCLELLAN. At this point, the hearings are concluded and the subcommittee will recess to reconvene at the call of the Chair.

[Whereupon, at 4:47 p.m., Monday, December 3, the hearings were concluded, and the subcommittee was recessed to reconvene at the call of the Chair.]

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